



Reprinted
March 3, 2016

ENGROSSED SENATE BILL No. 309

DIGEST OF SB 309 (Updated March 2, 2016 4:13 pm - DI 58)

Citations Affected: IC 5-10; IC 5-20; IC 6-1.1; IC 6-2.5; IC 6-3; IC 6-8.1; IC 6-9; IC 8-15; IC 8-15.5; IC 8-15.7; IC 16-46; IC 25-2.1; IC 36-1; IC 36-2; IC 36-3; IC 36-7; noncode.

Synopsis: State and local taxation. Eliminates the property tax deduction for residential rehabilitation of a dwelling. Eliminates the property tax deduction for rehabilitation of a structure over 50 years old. Restricts but does not eliminate the exemption for property taxes for improvements on real property that are constructed, rehabilitated, or acquired for the purpose of providing low income housing. Provides that the state use tax is imposed on a contractor's conversion of construction material into real property if that construction material was purchased by the contractor. Specifies, however, that the use tax does not apply to conversions of construction material if: (1) the sales or use tax has been previously imposed on the contractor's acquisition
(Continued next page)

Effective: Upon passage; January 1, 2010 (retroactive); January 1, 2016 (retroactive); July 1, 2016; January 1, 2017.

Hershman, Holdman

(HOUSE SPONSOR — BROWN T, HUSTON, THOMPSON)

January 7, 2016, read first time and referred to Committee on Tax & Fiscal Policy.
January 28, 2016, amended, reported favorably — Do Pass.
February 2, 2016, read second time, amended, ordered engrossed.
February 3, 2016, engrossed. Read third time, passed. Yeas 48, nays 1.

HOUSE ACTION

February 9, 2016, read first time and referred to Committee on Ways and Means.
February 29, 2016, amended, reported — Do Pass.
March 2, 2016, read second time, amended, ordered engrossed.

ES 309—LS 6893/DI 73



or use of that construction material; (2) the person for whom the construction material is being converted could have purchased the construction material exempt from the sales and use tax (as evidenced by an exemption certificate) if that person had directly purchased the material from a retail merchant in a retail transaction; or (3) the conversion of the construction material into real property is governed by a time and material contract. Provides that a contractor is a retail merchant making a retail transaction when the contractor disposes of tangible personal property or converts tangible personal property into real property under a time and material contract. Updates the definition of the Internal Revenue Code to incorporate changes made by Congress through January 1, 2016. Provides that for taxable years beginning after December 31, 2017, a taxpayer may claim the \$1,500 additional dependent deduction for a dependent child for whom the taxpayer is the legal guardian. Provides that the state income tax credit for certain acute care hospitals for part of the property taxes paid by the hospital may be carried forward if the hospital cannot use the entire credit because of the taxpayer's income tax liability for that taxable year. Repeals that the state sales tax exemption for the cutting of steel bars into billets after 2016. Provides that the exemption applies retroactively to transactions occurring from 2010 through 2015, but a taxpayer is not entitled to a refund of state sales taxes paid on those transactions. Sets forth criteria for determining the date on which a taxpayer has made a contribution to a 529 plan. Provides that if an ordinance has been adopted requiring the payment of innkeeper's tax to the county treasurer instead of the department, the county treasurer has the same rights and powers with respect to refunding the innkeeper's tax as the department. Provides that if a partnership, a trust, or an estate fails to withhold and pay any amount of tax required to be withheld and thereafter the tax is paid by the partners of the partnership (or the beneficiaries in the case of a trust or estate), the amount of tax paid by partners (or the beneficiaries in the case of a trust or estate) may not be collected from the partnership, trust, or estate. Specifies that the partnership, trust, or estate remains liable for interest or penalty based on the failure to withhold the tax. Provides that if the department issues to a person a demand notice for the payment of a tax, the person has 20 days (rather than 10 days, under current law) to either pay the amount demanded or show reasonable cause for not paying the amount demanded. Provides that a public-private agreement for communications systems infrastructure may be entered into using the procedures that apply to requests for proposals by the Indiana finance authority (IFA) or using a request for information and entering into negotiations with a single offeror. Provides that the IFA may set user fees as part of the public-private agreement. Specifies that any improvements on any real property interests may be owned by the IFA, a governmental entity, an operator, or a private entity instead of having to be owned in the name of the state or by a governmental entity. Provides that local planning and zoning laws do not restrict or regulate the exercise of the power of eminent domain by the IFA or the use of property owned or occupied by the IFA. Provides that an initial award from the safety PIN (protecting Indiana's newborns) grant fund may be up to 60% of the total approved grant amount. Provides that money in the fund does not revert to the state general fund at the end of a state fiscal year. Provides that for the renewal of a permit to practice accountancy the applicant must submit the results of the firm's most recently accepted peer review to the board either directly or through the administering entity. Requires the Indiana board of accountancy to submit a report to the legislative council with any statutory changes recommended by the board. Directs the auditor of state, as administrator of the state employees' deferred compensation plan (Hoosier S.T.A.R.T.), to: (1) study the issues involved with the development of a multiple employer plan for private sector employers
(Continued next page)



Digest Continued

located in Indiana; and (2) report to the budget committee and the legislative council not later than December 31, 2016. Makes technical corrections.

ES 309—LS 6893/DI 73



Reprinted
March 3, 2016

Second Regular Session 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

ENGROSSED SENATE BILL No. 309

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 5-10-1.1-10 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2016]: **Sec. 10. (a) It is the policy of the general assembly to
4 provide a legal and regulatory environment that is conducive to the
5 growth of small business and the recruitment, hiring, and retention
6 of productive and responsible employees. In furtherance of this
7 policy, it is the intent of the general assembly to foster an
8 environment that encourages small businesses to provide
9 retirement savings opportunities to their employees by facilitating
10 access to efficient, cost effective, employer based retirement
11 savings plans.**
12 **(b) The auditor of state, as administrator of the state employees'
13 deferred compensation plan, is directed to:**
14 **(1) study the issues involved with the development of a
15 multiple employer plan for private sector employers located**

ES 309—LS 6893/DI 73



1 **in Indiana consistent with:**

2 **(A) the Interpretive Bulletin (80 FR 71936, amending 29**
 3 **CFR Part 2509) issued by the Employee Benefits Security**
 4 **Administration of the United States Department of Labor**
 5 **on November 18, 2015; and**

6 **(B) applicable Internal Revenue Service legal authorities;**
 7 **and**

8 **(2) report on the findings of the study described in subdivision**

9 **(1) not later than December 31, 2016, to:**

10 **(A) the budget committee; and**

11 **(B) the legislative council in an electronic format under**
 12 **IC 5-14-6.**

13 **(c) This section expires July 1, 2017.**

14 SECTION 2. IC 5-20-5-15.5, AS AMENDED BY P.L.211-2007,
 15 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 16 JANUARY 1, 2017]: Sec. 15.5. (a) The governing body of an eligible
 17 entity that receives a grant under this chapter shall, by resolution,
 18 establish an affordable housing fund to be administered, subject to the
 19 terms of the resolution, by a department, a division, or an agency
 20 designated by the governing body.

21 (b) The affordable housing fund consists of:

22 (1) payments in lieu of taxes deposited in the fund under
 23 IC 36-1-8-14.2 **(before its expiration);**

24 (2) gifts and grants to the fund;

25 (3) investment income earned on the fund's assets;

26 (4) money deposited in the fund under IC 36-2-7-10; and

27 (5) other funds from sources approved by the commission.

28 (c) The governing body shall, by resolution, establish uses for the
 29 affordable housing fund. However, the uses must be limited to:

30 (1) providing financial assistance to those individuals and
 31 families whose income is at or below eighty percent (80%) of the
 32 county's median income for individuals and families, respectively,
 33 to enable those individuals and families to purchase or lease
 34 residential units within the county;

35 (2) paying expenses of administering the fund;

36 (3) making grants, loans, and loan guarantees for the
 37 development, rehabilitation, or financing of affordable housing
 38 for individuals and families whose income is at or below eighty
 39 percent (80%) of the county's median income for individuals and
 40 families, respectively, including the elderly, persons with
 41 disabilities, and homeless individuals and families; and

42 (4) providing technical assistance to nonprofit developers of



1 affordable housing.

2 (d) The county treasurer shall invest the money in the fund not
3 currently needed to meet the obligations of the fund in the same
4 manner as other public funds may be invested.

5 SECTION 3. IC 6-1.1-10-16.7, AS AMENDED BY P.L.181-2006,
6 SECTION 42, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
7 JULY 1, 2016]: Sec. 16.7. **(a) Except as otherwise provided in this**
8 **section**, all or part of real property is exempt from property taxation if:

9 (1) the improvements on the real property were constructed,
10 rehabilitated, or acquired for the purpose of providing housing to
11 income eligible persons under the federal low income housing tax
12 credit program under 26 U.S.C. 42;

13 (2) the real property is subject to an extended use agreement
14 under 26 U.S.C. 42 as administered by the Indiana housing and
15 community development authority; and

16 (3) the owner of the property has entered into an agreement to
17 make payments in lieu of taxes under IC 36-1-8-14.2 **(before its**
18 **expiration)**, IC 36-2-6-22 **(before its expiration)**, or
19 IC 36-3-2-11 **(before its expiration)**.

20 **(b) For assessment dates after December 31, 2017, all or part of**
21 **real property is exempt from property taxation if:**

22 **(1) the conditions specified in subsection (a)(1) through (a)(3)**
23 **are met; and**

24 **(2) before January 1, 2018:**

25 **(A) the real property was exempt from property taxation**
26 **under this section for one (1) or more assessment dates;**

27 **(B) a person filed an application seeking bond financing**
28 **with a political subdivision with respect to the real**
29 **property;**

30 **(C) a person filed an application with the Indiana housing**
31 **and community development authority seeking tax credits**
32 **under 26 U.S.C. 42 with respect to the real property; or**

33 **(D) the real property was the subject of a resolution for**
34 **affordable housing adopted by a political subdivision.**

35 **(c) This section may not be construed in such a way as to:**

36 **(1) alter the terms of an agreement with the holders of any**
37 **outstanding notes, bonds, or other obligations of an issuing**
38 **body;**

39 **(2) authorize the issuing body to alter the terms of an**
40 **agreement described in subdivision (1); or**

41 **(3) impair, or authorize the issuing body to impair, the rights**
42 **and remedies of any creditor of the issuing body.**



1 SECTION 4. IC 6-1.1-12-18, AS AMENDED BY P.L.247-2015,
 2 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 3 JULY 1, 2016]: Sec. 18. **(a) This section applies only to
 4 rehabilitation of residential real property that occurs before
 5 January 2, 2017.**

6 ~~(a)~~ **(b)** If the assessed value of residential real property described in
 7 subsection ~~(d)~~ **(e)** is increased because it has been rehabilitated, the
 8 owner may have deducted from the assessed value of the property an
 9 amount not to exceed the lesser of:

- 10 (1) the total increase in assessed value resulting from the
 11 rehabilitation **(excluding an increase in assessed value that
 12 occurs after January 1, 2017)**; or
 13 (2) eighteen thousand seven hundred twenty dollars (\$18,720) per
 14 rehabilitated dwelling unit.

15 The owner is entitled to this deduction annually for a five (5) year
 16 period, or if subsection ~~(e)~~ **(f)** applies, the period established under
 17 subsection ~~(e)~~: **(f)**.

18 ~~(b)~~ **(c)** For purposes of this section, the term "rehabilitation" means
 19 significant repairs, replacements, or improvements to an existing
 20 structure which are intended to increase the livability, utility, safety, or
 21 value of the property under rules adopted by the department of local
 22 government finance.

23 ~~(e)~~ **(d)** For the purposes of this section, the term "owner" or
 24 "property owner" includes any person who has the legal obligation, or
 25 has otherwise assumed the obligation, to pay the real property taxes on
 26 the rehabilitated property.

27 ~~(d)~~ **(e)** The deduction provided by this section applies only:

28 (1) for the rehabilitation of residential real property which is
 29 located within this state and which is described in one (1) of the
 30 following classifications:

31 (A) A single family dwelling if before rehabilitation the
 32 assessed value (excluding any exemptions or deductions) of
 33 the improvements does not exceed thirty-seven thousand four
 34 hundred forty dollars (\$37,440).

35 (B) A two (2) family dwelling if before rehabilitation the
 36 assessed value (excluding exemptions or deductions) of the
 37 improvements does not exceed forty-nine thousand nine
 38 hundred twenty dollars (\$49,920).

39 (C) A dwelling with more than two (2) family units if before
 40 rehabilitation the assessed value (excluding any exemptions or
 41 deductions) of the improvements does not exceed eighteen
 42 thousand seven hundred twenty dollars (\$18,720) per dwelling



- 1 unit; and
 2 (2) if the property owner:
 3 (A) owns the residential real property; or
 4 (B) is buying the residential real property under contract;
 5 on the assessment date of the year in which an application must
 6 be filed under section 20 of this chapter.
- 7 ~~(e)~~ (f) A county, city, or town fiscal body may adopt an ordinance
 8 to establish a deduction period that is longer than five (5) years but not
 9 to exceed fifteen (15) years for any rehabilitated property covered by
 10 this section that has also been determined to be abandoned or vacant
 11 for purposes of IC 6-1.1-24.
- 12 **(g) This section expires January 1, 2023.**
 13 SECTION 5. IC 6-1.1-12-19, AS AMENDED BY P.L.112-2012,
 14 SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 15 JULY 1, 2016]: Sec. 19. (a) The deduction from assessed value
 16 provided by section 18 of this chapter (**before its expiration**) is first
 17 available in the year in which the increase in assessed value resulting
 18 from the rehabilitation occurs and shall continue for the following four
 19 (4) years. In the sixth (6th) year, the county auditor shall add the
 20 amount of the deduction to the assessed value of the real property. A:
 21 (1) general reassessment of real property under IC 6-1.1-4-4; or
 22 (2) reassessment under a county's reassessment plan prepared
 23 under IC 6-1.1-4-4.2;
 24 which occurs within the five (5) year period of the deduction does not
 25 affect the amount of the deduction.
- 26 **(b) This section expires January 1, 2023.**
 27 SECTION 6. IC 6-1.1-12-20, AS AMENDED BY P.L.1-2009,
 28 SECTION 33, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 29 JULY 1, 2016]: Sec. 20. (a) A property owner who desires to obtain the
 30 deduction provided by section 18 of this chapter (**before its**
 31 **expiration**) must file a certified deduction application, on forms
 32 prescribed by the department of local government finance, with the
 33 auditor of the county in which the rehabilitated property is located. The
 34 application may be filed in person or by mail. If mailed, the mailing
 35 must be postmarked on or before the last day for filing. Except as
 36 provided in subsection (b) and subject to section 45 of this chapter, the
 37 application must be filed in the year in which the addition to assessed
 38 value is made.
- 39 (b) If notice of the addition to assessed value for any year is not
 40 given to the property owner before December 1 of that year, the
 41 application required by this section may be filed not later than thirty
 42 (30) days after the date such a notice is mailed to the property owner



1 at the address shown on the records of the township or county assessor.

2 (c) The application required by this section shall contain the
3 following information:

4 (1) A description of the property for which a deduction is claimed
5 in sufficient detail to afford identification.

6 (2) Statements of the ownership of the property.

7 (3) The assessed value of the improvements on the property
8 before rehabilitation.

9 (4) The number of dwelling units on the property.

10 (5) The number of dwelling units rehabilitated.

11 (6) The increase in assessed value resulting from the
12 rehabilitation.

13 (7) The amount of deduction claimed.

14 (d) A deduction application filed under this section is applicable for
15 the year in which the increase in assessed value occurs and for the
16 immediately following four (4) years without any additional application
17 being filed.

18 (e) On verification of an application by the assessor of the township
19 in which the property is located, or the county assessor if there is no
20 township assessor for the township, the county auditor shall make the
21 deduction.

22 **(f) This section expires January 1, 2023.**

23 SECTION 7. IC 6-1.1-12-22, AS AMENDED BY P.L.247-2015,
24 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
25 JULY 1, 2016]: Sec. 22. **(a) This section applies only to
26 rehabilitation of property that occurs before January 2, 2017.**

27 ~~(a)~~ **(b)** If the assessed value of property is increased because it has
28 been rehabilitated and the owner has paid at least ten thousand dollars
29 (\$10,000) for the rehabilitation, the owner is entitled to have deducted
30 from the assessed value of the property an amount equal to fifty percent
31 (50%) of the increase in assessed value resulting from the rehabilitation
32 **(excluding an increase in assessed value that occurs from
33 rehabilitation after January 1, 2017)**. The owner is entitled to this
34 deduction annually for a five (5) year period, or if subsection ~~(e)~~ **(f)**
35 applies, the period established under subsection ~~(e)~~: **(f)**. However, the
36 maximum deduction which a property owner may receive under this
37 section for a particular year is:

38 (1) one hundred twenty-four thousand eight hundred dollars
39 (\$124,800) for a single family dwelling unit; or

40 (2) three hundred thousand dollars (\$300,000) for any other type
41 of property.

42 ~~(b)~~ **(c)** For purposes of this section, the term "property" means a



1 building or structure which was erected at least fifty (50) years before
 2 the date of application for the deduction provided by this section. The
 3 term "property" does not include land.

4 ~~(c)~~ **(d)** For purposes of this section, the term "rehabilitation" means
 5 significant repairs, replacements, or improvements to an existing
 6 structure that are intended to increase the livability, utility, safety, or
 7 value of the property under rules adopted by the department of local
 8 government finance.

9 ~~(d)~~ **(e)** The deduction provided by this section applies only if the
 10 property owner:

11 (1) owns the property; or

12 (2) is buying the property under contract;

13 on the assessment date of the year in which an application must be filed
 14 under section 24 of this chapter.

15 ~~(e)~~ **(f)** A county, city, or town fiscal body may adopt an ordinance
 16 to establish a deduction period that is longer than five (5) years but not
 17 to exceed seven (7) years for any rehabilitated property covered by this
 18 section that has also been determined to be abandoned or vacant for
 19 purposes of IC 6-1.1-24.

20 **(g) This section expires January 1, 2025.**

21 SECTION 8. IC 6-1.1-12-23, AS AMENDED BY P.L.112-2012,
 22 SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 23 JULY 1, 2016]: Sec. 23. **(a)** The deduction from assessed value
 24 provided by section 22 of this chapter **(before its expiration)** is first
 25 available after the first assessment date following the rehabilitation and
 26 shall continue for the taxes first due and payable in the following five
 27 (5) years. In the sixth (6th) year, the county auditor shall add the
 28 amount of the deduction to the assessed value of the property. Any:

29 (1) general reassessment of real property under IC 6-1.1-4-4; or

30 (2) reassessment under a county's reassessment plan prepared
 31 under IC 6-1.1-4-4.2;

32 which occurs within the five (5) year period of the deduction does not
 33 affect the amount of the deduction.

34 **(b) This section expires January 1, 2023.**

35 SECTION 9. IC 6-1.1-12-24, AS AMENDED BY P.L.113-2010,
 36 SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 37 JULY 1, 2016]: Sec. 24. (a) A property owner who desires to obtain the
 38 deduction provided by section 22 of this chapter **(before its**
 39 **expiration)** must file a certified deduction application, on forms
 40 prescribed by the department of local government finance, with the
 41 auditor of the county in which the property is located. The application
 42 may be filed in person or by mail. If mailed, the mailing must be



1 postmarked on or before the last day for filing. Except as provided in
 2 subsection (b) and subject to section 45 of this chapter, the application
 3 must be filed in the year in which the addition to assessed valuation is
 4 made.

5 (b) If notice of the addition to assessed valuation for any year is not
 6 given to the property owner before December 1 of that year, the
 7 application required by this section may be filed not later than thirty
 8 (30) days after the date such a notice is mailed to the property owner
 9 at the address shown on the records of the township or county assessor.

10 (c) The application required by this section shall contain the
 11 following information:

12 (1) The name of the property owner.

13 (2) A description of the property for which a deduction is claimed
 14 in sufficient detail to afford identification.

15 (3) The assessed value of the improvements on the property
 16 before rehabilitation.

17 (4) The increase in the assessed value of improvements resulting
 18 from the rehabilitation.

19 (5) The amount of deduction claimed.

20 (d) A deduction application filed under this section is applicable for
 21 the year in which the addition to assessed value is made and in the
 22 immediate following four (4) years without any additional application
 23 being filed.

24 (e) On verification of the correctness of an application by the
 25 assessor of the township in which the property is located, or the county
 26 assessor if there is no township assessor for the township, the county
 27 auditor shall make the deduction.

28 **(f) This section expires January 1, 2023.**

29 SECTION 10. IC 6-1.1-12-25 IS AMENDED TO READ AS
 30 FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 25. **(a)** For repairs or
 31 improvements made to a particular building or structure, a person may
 32 receive either the deduction provided by section 18 of this chapter
 33 **(before its expiration)** or the deduction provided by section 22 of this
 34 chapter **(before its expiration)**. ~~He~~ **A person** may not receive
 35 deductions under both sections for the repairs or improvements.

36 **(b) This section expires January 1, 2025.**

37 SECTION 11. IC 6-1.1-12-46, AS AMENDED BY P.L.250-2015,
 38 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 39 JULY 1, 2016]: Sec. 46. (a) This section applies to real property for an
 40 assessment date in 2011 or a later year if:

41 (1) the real property is not exempt from property taxation for the
 42 assessment date;



1 (2) title to the real property is transferred after the assessment date
 2 and on or before the December 31 that next succeeds the
 3 assessment date;

4 (3) the transferee of the real property applies for an exemption
 5 under IC 6-1.1-11 for the next succeeding assessment date; and

6 (4) the county property tax assessment board of appeals
 7 determines that the real property is exempt from property taxation
 8 for that next succeeding assessment date.

9 (b) For the assessment date referred to in subsection (a)(1), real
 10 property is eligible for any deductions for which the transferor under
 11 subsection (a)(2) was eligible for that assessment date under the
 12 following:

13 (1) IC 6-1.1-12-1.

14 (2) IC 6-1.1-12-9.

15 (3) IC 6-1.1-12-11.

16 (4) IC 6-1.1-12-13.

17 (5) IC 6-1.1-12-14.

18 (6) IC 6-1.1-12-16.

19 (7) IC 6-1.1-12-17.4 (before its expiration).

20 (8) IC 6-1.1-12-18 (**before its expiration**).

21 (9) IC 6-1.1-12-22 (**before its expiration**).

22 (10) IC 6-1.1-12-37.

23 (11) IC 6-1.1-12-37.5.

24 (c) For the payment date applicable to the assessment date referred
 25 to in subsection (a)(1), real property is eligible for the credit for
 26 excessive residential property taxes under IC 6-1.1-20.6 for which the
 27 transferor under subsection (a)(2) would be eligible for that payment
 28 date if the transfer had not occurred.

29 SECTION 12. IC 6-1.1-12.1-6 IS AMENDED TO READ AS
 30 FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 6. (a) A property owner
 31 may not receive a deduction under this chapter for repairs or
 32 improvements to real property if ~~he~~ **the property owner** receives a
 33 deduction under either IC 6-1.1-12-18 (**before its expiration**) or
 34 IC 6-1.1-12-22 (**before its expiration**) for those same repairs or
 35 improvements. **This subsection expires January 1, 2033.**

36 (b) A property owner may not receive a deduction under this chapter
 37 if the property owner receives a deduction under IC 6-1.1-12-28.5 for
 38 the same property.

39 SECTION 13. IC 6-1.1-42-22 IS AMENDED TO READ AS
 40 FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 22. (a) The designating
 41 body shall determine whether to approve a deduction.

42 (b) A designating body may not grant a deduction for a facility



1 described in IC 6-1.1-12.1-3(e).

2 (c) A property owner may not receive a deduction under this chapter
3 for repairs or improvements to real property if the owner receives a
4 deduction under either IC 6-1.1-12.1, IC 6-1.1-12-18 (**before its**
5 **expiration**), IC 6-1.1-12-22 (**before its expiration**), or
6 IC 6-1.1-12-28.5 for the same property.

7 (d) A designating body may approve a deduction only if the
8 following findings are made in the affirmative:

9 (1) The applicant:

10 (A) has never had an ownership interest in an entity that
11 contributed; and

12 (B) has not contributed;

13 a contaminant (as defined in IC 13-11-2-42) that is the subject of
14 the voluntary remediation, as determined under the written
15 standards adopted by the department of environmental
16 management.

17 (2) The proposed improvement or property will be located in a
18 zone.

19 (3) The estimate of the value of the remediation and
20 redevelopment is reasonable for projects of that nature.

21 (4) The estimate of the number of individuals who will be
22 employed or whose employment will be retained can be
23 reasonably expected to result from the proposed described
24 remediation and redevelopment.

25 (5) The estimate of the annual salaries of those individuals who
26 will be employed or whose employment will be retained can be
27 reasonably expected to result from the proposed described
28 remediation and redevelopment.

29 (6) Any other benefits about which information was requested are
30 benefits that can be reasonably expected to result from the
31 proposed described remediation and redevelopment.

32 (7) The totality of benefits is sufficient to justify the deduction.

33 SECTION 14. IC 6-2.5-1-14.7 IS ADDED TO THE INDIANA
34 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
35 [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 14.7.**
36 **"Construction material" means any tangible personal property to**
37 **be converted into real property.**

38 SECTION 15. IC 6-2.5-1-14.9 IS ADDED TO THE INDIANA
39 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
40 [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 14.9.**
41 **"Contractor" means any person engaged in converting**
42 **construction material into real property on behalf of another**



1 **person. The term includes, but is not limited to, general or prime**
 2 **contractors, subcontractors, and specialty contractors.**

3 SECTION 16. IC 6-2.5-1-27.7 IS ADDED TO THE INDIANA
 4 CODE AS A NEW SECTION TO READ AS FOLLOWS
 5 [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 27.7.**
 6 **"Time and material contract" means a contract in which the cost**
 7 **of construction material and the cost of labor or other charges are**
 8 **stated separately.**

9 SECTION 17. IC 6-2.5-3-2, AS AMENDED BY P.L.13-2013,
 10 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 11 JANUARY 1, 2010 (RETROACTIVE)]: Sec. 2. (a) An excise tax,
 12 known as the use tax, is imposed on the storage, use, or consumption
 13 of tangible personal property in Indiana if the property was acquired in
 14 a retail transaction, regardless of the location of that transaction or of
 15 the retail merchant making that transaction.

16 (b) The use tax is also imposed on the storage, use, or consumption
 17 of a vehicle, an aircraft, or a watercraft, if the vehicle, aircraft, or
 18 watercraft:

19 (1) is acquired in a transaction that is an isolated or occasional
 20 sale; and

21 (2) is required to be titled, licensed, or registered by this state for
 22 use in Indiana.

23 (c) The use tax is imposed on ~~the addition of tangible personal~~
 24 ~~property to a structure or facility; if, after its addition, the property~~
 25 ~~becomes part of the real estate on which the structure or facility is~~
 26 ~~located: a contractor's conversion of construction material into real~~
 27 ~~property if that construction material was purchased by the~~
 28 ~~contractor. However, the use tax does not apply to additions~~
 29 ~~conversions of tangible personal property construction material~~
 30 ~~described in this subsection, if:~~

31 (1) the state gross retail or use tax has been previously imposed
 32 on the ~~sale contractor's acquisition~~ or use of that ~~property; or~~
 33 **construction material;**

34 (2) the ~~ultimate purchaser or recipient of that property would have~~
 35 ~~been~~ **person for whom the construction material is being**
 36 **converted could have purchased the material** exempt from the
 37 state gross retail and use taxes, **as evidenced by a properly**
 38 **issued exemption certificate**, if that ~~purchaser or recipient~~
 39 **person** had directly purchased the ~~property from the supplier for~~
 40 ~~addition to the structure or facility: construction material from~~
 41 **a retail merchant in a retail transaction; or**

42 (3) the conversion of the construction material into real



- 1 **property is governed by a time and material contract as**
 2 **described in IC 6-2.5-4-9(b).**
 3 (d) The use tax is imposed on a person who:
 4 (1) manufactures, fabricates, or assembles tangible personal
 5 property from materials either within or outside Indiana; and
 6 (2) uses, stores, distributes, or consumes tangible personal
 7 property in Indiana.
 8 (e) Notwithstanding any other provision of this section, the use tax
 9 is not imposed on the keeping, retaining, or exercising of any right or
 10 power over tangible personal property, if:
 11 (1) the property is delivered into Indiana by or for the purchaser
 12 of the property;
 13 (2) the property is delivered in Indiana for the sole purpose of
 14 being processed, printed, fabricated, or manufactured into,
 15 attached to, or incorporated into other tangible personal property;
 16 and
 17 (3) the property is subsequently transported out of state for use
 18 solely outside Indiana.
 19 (f) As used in subsection (g) and IC 6-2.5-5-42:
 20 (1) "completion work" means the addition of tangible personal
 21 property to or reconfiguration of the interior of an aircraft, if the
 22 work requires the issuance of an airworthiness certificate from
 23 the:
 24 (A) Federal Aviation Administration; or
 25 (B) equivalent foreign regulatory authority;
 26 due to the change in the type certification basis of the aircraft
 27 resulting from the addition to or reconfiguration of the interior of
 28 the aircraft;
 29 (2) "delivery" means the physical delivery of the aircraft
 30 regardless of who holds title; and
 31 (3) "prepurchase evaluation" means an examination of an aircraft
 32 by a potential purchaser for the purpose of obtaining information
 33 relevant to the potential purchase of the aircraft.
 34 (g) Notwithstanding any other provision of this section, the use tax
 35 is not imposed on the keeping, retaining, or exercising of any right or
 36 power over an aircraft, if:
 37 (1) the aircraft is or will be titled, registered, or based (as defined
 38 in IC 6-6-6.5-1(m)) in another state or country;
 39 (2) the aircraft is delivered to Indiana by or for a nonresident
 40 owner or purchaser of the aircraft;
 41 (3) the aircraft is delivered to Indiana for the sole purpose of
 42 being repaired, refurbished, remanufactured, or subjected to



1 completion work or a prepurchase evaluation; and
 2 (4) after completion of the repair, refurbishment, remanufacture,
 3 completion work, or prepurchase evaluation, the aircraft is
 4 transported to a destination outside Indiana.

5 (h) The amendments made to this section by P.L.153-2012 shall be
 6 interpreted to specify and not to change the general assembly's intent
 7 with respect to this section.

8 SECTION 18. IC 6-2.5-4-9 IS AMENDED TO READ AS
 9 FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]:
 10 Sec. 9. (a) A person is a retail merchant making a retail transaction
 11 when the person sells tangible personal property which:

- 12 (1) is to be added to a structure or facility by the purchaser; and
 13 (2) after its addition to the structure or facility, would become a
 14 part of the real estate on which the structure or facility is located.

15 **(b) A contractor is a retail merchant making a retail transaction**
 16 **when the contractor:**

17 **(1) disposes of tangible personal property; or**

18 **(2) converts tangible personal property into real property;**
 19 **under a time and material contract. As such a retail merchant, a**
 20 **contractor described in this subsection shall collect, as an agent of**
 21 **the state, the state gross retail tax on the resale of the construction**
 22 **material and remit the state gross retail tax as provided in this**
 23 **article.**

24 ~~(b)~~ (c) Notwithstanding ~~subsection (a)~~; **subsections (a) and (b)**, a
 25 transaction described in subsection (a) **or (b)** is not a retail transaction,
 26 if the ultimate purchaser or recipient of the property to be added to ~~the~~
 27 **a** structure or facility would be exempt from the state gross retail and
 28 use taxes if that purchaser or recipient had directly purchased the
 29 property from the supplier for addition to the structure or facility.

30 SECTION 19. IC 6-2.5-5-3, AS AMENDED BY P.L.250-2015,
 31 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 32 JANUARY 1, 2017]: Sec. 3. (a) For purposes of this section:

33 (1) the:

34 (A) retreading of tires; **and**

35 ~~(B) cutting of steel bars into billets; and~~

36 ~~(C) (B) felling of trees for further use in production or for sale~~
 37 ~~in the ordinary course of business;~~

38 shall be treated as the processing of tangible personal property;
 39 and

40 (2) commercial printing shall be treated as the production and
 41 manufacture of tangible personal property.

42 (b) Except as provided in subsection (c), transactions involving



1 manufacturing machinery, tools, and equipment are exempt from the
 2 state gross retail tax if the person acquiring that property acquires it for
 3 direct use in the direct production, manufacture, fabrication, assembly,
 4 extraction, mining, processing, refining, or finishing of other tangible
 5 personal property, including material handling equipment purchased
 6 for the purpose of transporting materials into such activities from an
 7 onsite location.

8 (c) The exemption provided in subsection (b) does not apply to
 9 transactions involving distribution equipment or transmission
 10 equipment acquired by a public utility engaged in generating
 11 electricity.

12 SECTION 20. IC 6-3-1-3.5, AS AMENDED BY SEA 23-2016,
 13 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 14 JANUARY 1, 2017]: Sec. 3.5. When used in this article, the term
 15 "adjusted gross income" shall mean the following:

16 (a) In the case of all individuals, "adjusted gross income" (as
 17 defined in Section 62 of the Internal Revenue Code), modified as
 18 follows:

19 (1) Subtract income that is exempt from taxation under this article
 20 by the Constitution and statutes of the United States.

21 (2) Add an amount equal to any deduction or deductions allowed
 22 or allowable pursuant to Section 62 of the Internal Revenue Code
 23 for taxes based on or measured by income and levied at the state
 24 level by any state of the United States.

25 (3) Subtract one thousand dollars (\$1,000), or in the case of a
 26 joint return filed by a husband and wife, subtract for each spouse
 27 one thousand dollars (\$1,000).

28 (4) Subtract one thousand dollars (\$1,000) for:

29 (A) each of the exemptions provided by Section 151(c) of the
 30 Internal Revenue Code;

31 (B) each additional amount allowable under Section 63(f) of
 32 the Internal Revenue Code; and

33 (C) the spouse of the taxpayer if a separate return is made by
 34 the taxpayer and if the spouse, for the calendar year in which
 35 the taxable year of the taxpayer begins, has no gross income
 36 and is not the dependent of another taxpayer.

37 (5) Subtract:

38 (A) one thousand five hundred dollars (\$1,500) for each of the
 39 exemptions allowed under Section 151(c)(1)(B) of the Internal
 40 Revenue Code (as effective January 1, 2004); ~~and~~

41 **(B) for taxable years beginning after December 31, 2017,**
 42 **one thousand five hundred dollars (\$1,500) for each**



1 **exemption allowed under Section 151(c) of the Internal**
 2 **Revenue Code for an individual:**

3 **(i) who is less than nineteen (19) years of age or is a**
 4 **full-time student who is less than twenty-four (24) years**
 5 **of age;**

6 **(ii) for whom the taxpayer is the legal guardian; and**

7 **(iii) for whom the taxpayer does not claim an exemption**
 8 **under clause (A); and**

9 ~~(B)~~ (C) five hundred dollars (\$500) for each additional amount
 10 allowable under Section 63(f)(1) of the Internal Revenue Code
 11 if the adjusted gross income of the taxpayer, or the taxpayer
 12 and the taxpayer's spouse in the case of a joint return, is less
 13 than forty thousand dollars (\$40,000).

14 This amount is in addition to the amount subtracted under
 15 subdivision (4).

16 (6) Subtract any amounts included in federal adjusted gross
 17 income under Section 111 of the Internal Revenue Code as a
 18 recovery of items previously deducted as an itemized deduction
 19 from adjusted gross income.

20 (7) Subtract any amounts included in federal adjusted gross
 21 income under the Internal Revenue Code which amounts were
 22 received by the individual as supplemental railroad retirement
 23 annuities under 45 U.S.C. 231 and which are not deductible under
 24 subdivision (1).

25 (8) Subtract an amount equal to the amount of federal Social
 26 Security and Railroad Retirement benefits included in a taxpayer's
 27 federal gross income by Section 86 of the Internal Revenue Code.

28 (9) In the case of a nonresident taxpayer or a resident taxpayer
 29 residing in Indiana for a period of less than the taxpayer's entire
 30 taxable year, the total amount of the deductions allowed pursuant
 31 to subdivisions (3), (4), and (5) shall be reduced to an amount
 32 which bears the same ratio to the total as the taxpayer's income
 33 taxable in Indiana bears to the taxpayer's total income.

34 (10) In the case of an individual who is a recipient of assistance
 35 under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7,
 36 subtract an amount equal to that portion of the individual's
 37 adjusted gross income with respect to which the individual is not
 38 allowed under federal law to retain an amount to pay state and
 39 local income taxes.

40 (11) In the case of an eligible individual, subtract the amount of
 41 a Holocaust victim's settlement payment included in the
 42 individual's federal adjusted gross income.



- 1 (12) Subtract an amount equal to the portion of any premiums
2 paid during the taxable year by the taxpayer for a qualified long
3 term care policy (as defined in IC 12-15-39.6-5) for the taxpayer
4 or the taxpayer's spouse, or both.
- 5 (13) Subtract an amount equal to the lesser of:
6 (A) two thousand five hundred dollars (\$2,500); or
7 (B) the amount of property taxes that are paid during the
8 taxable year in Indiana by the individual on the individual's
9 principal place of residence.
- 10 (14) Subtract an amount equal to the amount of a September 11
11 terrorist attack settlement payment included in the individual's
12 federal adjusted gross income.
- 13 (15) Add or subtract the amount necessary to make the adjusted
14 gross income of any taxpayer that owns property for which bonus
15 depreciation was allowed in the current taxable year or in an
16 earlier taxable year equal to the amount of adjusted gross income
17 that would have been computed had an election not been made
18 under Section 168(k) of the Internal Revenue Code to apply bonus
19 depreciation to the property in the year that it was placed in
20 service.
- 21 (16) Add an amount equal to any deduction allowed under
22 Section 172 of the Internal Revenue Code.
- 23 (17) Add or subtract the amount necessary to make the adjusted
24 gross income of any taxpayer that placed Section 179 property (as
25 defined in Section 179 of the Internal Revenue Code) in service
26 in the current taxable year or in an earlier taxable year equal to
27 the amount of adjusted gross income that would have been
28 computed had an election for federal income tax purposes not
29 been made for the year in which the property was placed in
30 service to take deductions under Section 179 of the Internal
31 Revenue Code in a total amount exceeding twenty-five thousand
32 dollars (\$25,000).
- 33 (18) Add an amount equal to the amount that a taxpayer claimed
34 as a deduction for domestic production activities for the taxable
35 year under Section 199 of the Internal Revenue Code for federal
36 income tax purposes.
- 37 (19) Subtract an amount equal to the amount of the taxpayer's
38 qualified military income that was not excluded from the
39 taxpayer's gross income for federal income tax purposes under
40 Section 112 of the Internal Revenue Code.
- 41 (20) Subtract income that is:
42 (A) exempt from taxation under IC 6-3-2-21.7; and



- 1 (B) included in the individual's federal adjusted gross income
 2 under the Internal Revenue Code.
- 3 (21) Add an amount equal to any income not included in gross
 4 income as a result of the deferral of income arising from business
 5 indebtedness discharged in connection with the reacquisition after
 6 December 31, 2008, and before January 1, 2011, of an applicable
 7 debt instrument, as provided in Section 108(i) of the Internal
 8 Revenue Code. Subtract the amount necessary from the adjusted
 9 gross income of any taxpayer that added an amount to adjusted
 10 gross income in a previous year to offset the amount included in
 11 federal gross income as a result of the deferral of income arising
 12 from business indebtedness discharged in connection with the
 13 reacquisition after December 31, 2008, and before January 1,
 14 2011, of an applicable debt instrument, as provided in Section
 15 108(i) of the Internal Revenue Code.
- 16 (22) Add the amount excluded from federal gross income under
 17 Section 103 of the Internal Revenue Code for interest received on
 18 an obligation of a state other than Indiana, or a political
 19 subdivision of such a state, that is acquired by the taxpayer after
 20 December 31, 2011.
- 21 (b) In the case of corporations, the same as "taxable income" (as
 22 defined in Section 63 of the Internal Revenue Code) adjusted as
 23 follows:
- 24 (1) Subtract income that is exempt from taxation under this article
 25 by the Constitution and statutes of the United States.
- 26 (2) Add an amount equal to any deduction or deductions allowed
 27 or allowable pursuant to Section 170 of the Internal Revenue
 28 Code.
- 29 (3) Add an amount equal to any deduction or deductions allowed
 30 or allowable pursuant to Section 63 of the Internal Revenue Code
 31 for taxes based on or measured by income and levied at the state
 32 level by any state of the United States.
- 33 (4) Subtract an amount equal to the amount included in the
 34 corporation's taxable income under Section 78 of the Internal
 35 Revenue Code.
- 36 (5) Add or subtract the amount necessary to make the adjusted
 37 gross income of any taxpayer that owns property for which bonus
 38 depreciation was allowed in the current taxable year or in a
 39 earlier taxable year equal to the amount of adjusted gross income
 40 that would have been computed had an election not been made
 41 under Section 168(k) of the Internal Revenue Code to apply bonus
 42 depreciation to the property in the year that it was placed in



- 1 service.
- 2 (6) Add an amount equal to any deduction allowed under Section
- 3 172 of the Internal Revenue Code.
- 4 (7) Add or subtract the amount necessary to make the adjusted
- 5 gross income of any taxpayer that placed Section 179 property (as
- 6 defined in Section 179 of the Internal Revenue Code) in service
- 7 in the current taxable year or in an earlier taxable year equal to
- 8 the amount of adjusted gross income that would have been
- 9 computed had an election for federal income tax purposes not
- 10 been made for the year in which the property was placed in
- 11 service to take deductions under Section 179 of the Internal
- 12 Revenue Code in a total amount exceeding twenty-five thousand
- 13 dollars (\$25,000).
- 14 (8) Add an amount equal to the amount that a taxpayer claimed as
- 15 a deduction for domestic production activities for the taxable year
- 16 under Section 199 of the Internal Revenue Code for federal
- 17 income tax purposes.
- 18 (9) Add to the extent required by IC 6-3-2-20 the amount of
- 19 intangible expenses (as defined in IC 6-3-2-20) and any directly
- 20 related interest expenses (as defined in IC 6-3-2-20) for the
- 21 taxable year that reduced the corporation's taxable income (as
- 22 defined in Section 63 of the Internal Revenue Code) for federal
- 23 income tax purposes.
- 24 (10) Add an amount equal to any deduction for dividends paid (as
- 25 defined in Section 561 of the Internal Revenue Code) to
- 26 shareholders of a captive real estate investment trust (as defined
- 27 in section 34.5 of this chapter).
- 28 (11) Subtract income that is:
- 29 (A) exempt from taxation under IC 6-3-2-21.7; and
- 30 (B) included in the corporation's taxable income under the
- 31 Internal Revenue Code.
- 32 (12) Add an amount equal to any income not included in gross
- 33 income as a result of the deferral of income arising from business
- 34 indebtedness discharged in connection with the reacquisition after
- 35 December 31, 2008, and before January 1, 2011, of an applicable
- 36 debt instrument, as provided in Section 108(i) of the Internal
- 37 Revenue Code. Subtract from the adjusted gross income of any
- 38 taxpayer that added an amount to adjusted gross income in a
- 39 previous year the amount necessary to offset the amount included
- 40 in federal gross income as a result of the deferral of income
- 41 arising from business indebtedness discharged in connection with
- 42 the reacquisition after December 31, 2008, and before January 1,



- 1 2011, of an applicable debt instrument, as provided in Section
2 108(i) of the Internal Revenue Code.
- 3 (13) Add the amount excluded from federal gross income under
4 Section 103 of the Internal Revenue Code for interest received on
5 an obligation of a state other than Indiana, or a political
6 subdivision of such a state, that is acquired by the taxpayer after
7 December 31, 2011.
- 8 (c) In the case of life insurance companies (as defined in Section
9 816(a) of the Internal Revenue Code) that are organized under Indiana
10 law, the same as "life insurance company taxable income" (as defined
11 in Section 801 of the Internal Revenue Code), adjusted as follows:
- 12 (1) Subtract income that is exempt from taxation under this article
13 by the Constitution and statutes of the United States.
- 14 (2) Add an amount equal to any deduction allowed or allowable
15 under Section 170 of the Internal Revenue Code.
- 16 (3) Add an amount equal to a deduction allowed or allowable
17 under Section 805 or Section 832(c) of the Internal Revenue Code
18 for taxes based on or measured by income and levied at the state
19 level by any state.
- 20 (4) Subtract an amount equal to the amount included in the
21 company's taxable income under Section 78 of the Internal
22 Revenue Code.
- 23 (5) Add or subtract the amount necessary to make the adjusted
24 gross income of any taxpayer that owns property for which bonus
25 depreciation was allowed in the current taxable year or in an
26 earlier taxable year equal to the amount of adjusted gross income
27 that would have been computed had an election not been made
28 under Section 168(k) of the Internal Revenue Code to apply bonus
29 depreciation to the property in the year that it was placed in
30 service.
- 31 (6) Add an amount equal to any deduction allowed under Section
32 172 or Section 810 of the Internal Revenue Code.
- 33 (7) Add or subtract the amount necessary to make the adjusted
34 gross income of any taxpayer that placed Section 179 property (as
35 defined in Section 179 of the Internal Revenue Code) in service
36 in the current taxable year or in an earlier taxable year equal to
37 the amount of adjusted gross income that would have been
38 computed had an election for federal income tax purposes not
39 been made for the year in which the property was placed in
40 service to take deductions under Section 179 of the Internal
41 Revenue Code in a total amount exceeding twenty-five thousand
42 dollars (\$25,000).



- 1 (8) Add an amount equal to the amount that a taxpayer claimed as
 2 a deduction for domestic production activities for the taxable year
 3 under Section 199 of the Internal Revenue Code for federal
 4 income tax purposes.
- 5 (9) Subtract income that is:
 6 (A) exempt from taxation under IC 6-3-2-21.7; and
 7 (B) included in the insurance company's taxable income under
 8 the Internal Revenue Code.
- 9 (10) Add an amount equal to any income not included in gross
 10 income as a result of the deferral of income arising from business
 11 indebtedness discharged in connection with the reacquisition after
 12 December 31, 2008, and before January 1, 2011, of an applicable
 13 debt instrument, as provided in Section 108(i) of the Internal
 14 Revenue Code. Subtract from the adjusted gross income of any
 15 taxpayer that added an amount to adjusted gross income in a
 16 previous year the amount necessary to offset the amount included
 17 in federal gross income as a result of the deferral of income
 18 arising from business indebtedness discharged in connection with
 19 the reacquisition after December 31, 2008, and before January 1,
 20 2011, of an applicable debt instrument, as provided in Section
 21 108(i) of the Internal Revenue Code.
- 22 (11) Add an amount equal to any exempt insurance income under
 23 Section 953(e) of the Internal Revenue Code that is active
 24 financing income under Subpart F of Subtitle A, Chapter 1,
 25 Subchapter N of the Internal Revenue Code.
- 26 (12) Add the amount excluded from federal gross income under
 27 Section 103 of the Internal Revenue Code for interest received on
 28 an obligation of a state other than Indiana, or a political
 29 subdivision of such a state, that is acquired by the taxpayer after
 30 December 31, 2011.
- 31 (d) In the case of insurance companies subject to tax under Section
 32 831 of the Internal Revenue Code and organized under Indiana law, the
 33 same as "taxable income" (as defined in Section 832 of the Internal
 34 Revenue Code), adjusted as follows:
 35 (1) Subtract income that is exempt from taxation under this article
 36 by the Constitution and statutes of the United States.
 37 (2) Add an amount equal to any deduction allowed or allowable
 38 under Section 170 of the Internal Revenue Code.
 39 (3) Add an amount equal to a deduction allowed or allowable
 40 under Section 805 or Section 832(c) of the Internal Revenue Code
 41 for taxes based on or measured by income and levied at the state
 42 level by any state.



- 1 (4) Subtract an amount equal to the amount included in the
2 company's taxable income under Section 78 of the Internal
3 Revenue Code.
- 4 (5) Add or subtract the amount necessary to make the adjusted
5 gross income of any taxpayer that owns property for which bonus
6 depreciation was allowed in the current taxable year or in an
7 earlier taxable year equal to the amount of adjusted gross income
8 that would have been computed had an election not been made
9 under Section 168(k) of the Internal Revenue Code to apply bonus
10 depreciation to the property in the year that it was placed in
11 service.
- 12 (6) Add an amount equal to any deduction allowed under Section
13 172 of the Internal Revenue Code.
- 14 (7) Add or subtract the amount necessary to make the adjusted
15 gross income of any taxpayer that placed Section 179 property (as
16 defined in Section 179 of the Internal Revenue Code) in service
17 in the current taxable year or in an earlier taxable year equal to
18 the amount of adjusted gross income that would have been
19 computed had an election for federal income tax purposes not
20 been made for the year in which the property was placed in
21 service to take deductions under Section 179 of the Internal
22 Revenue Code in a total amount exceeding twenty-five thousand
23 dollars (\$25,000).
- 24 (8) Add an amount equal to the amount that a taxpayer claimed as
25 a deduction for domestic production activities for the taxable year
26 under Section 199 of the Internal Revenue Code for federal
27 income tax purposes.
- 28 (9) Subtract income that is:
- 29 (A) exempt from taxation under IC 6-3-2-21.7; and
30 (B) included in the insurance company's taxable income under
31 the Internal Revenue Code.
- 32 (10) Add an amount equal to any income not included in gross
33 income as a result of the deferral of income arising from business
34 indebtedness discharged in connection with the reacquisition after
35 December 31, 2008, and before January 1, 2011, of an applicable
36 debt instrument, as provided in Section 108(i) of the Internal
37 Revenue Code. Subtract from the adjusted gross income of any
38 taxpayer that added an amount to adjusted gross income in a
39 previous year the amount necessary to offset the amount included
40 in federal gross income as a result of the deferral of income
41 arising from business indebtedness discharged in connection with
42 the reacquisition after December 31, 2008, and before January 1,



- 1 2011, of an applicable debt instrument, as provided in Section
 2 108(i) of the Internal Revenue Code.
- 3 (11) Add an amount equal to any exempt insurance income under
 4 Section 953(e) of the Internal Revenue Code that is active
 5 financing income under Subpart F of Subtitle A, Chapter 1,
 6 Subchapter N of the Internal Revenue Code.
- 7 (12) Add the amount excluded from federal gross income under
 8 Section 103 of the Internal Revenue Code for interest received on
 9 an obligation of a state other than Indiana, or a political
 10 subdivision of such a state, that is acquired by the taxpayer after
 11 December 31, 2011.
- 12 (e) In the case of trusts and estates, "taxable income" (as defined for
 13 trusts and estates in Section 641(b) of the Internal Revenue Code)
 14 adjusted as follows:
- 15 (1) Subtract income that is exempt from taxation under this article
 16 by the Constitution and statutes of the United States.
- 17 (2) Subtract an amount equal to the amount of a September 11
 18 terrorist attack settlement payment included in the federal
 19 adjusted gross income of the estate of a victim of the September
 20 11 terrorist attack or a trust to the extent the trust benefits a victim
 21 of the September 11 terrorist attack.
- 22 (3) Add or subtract the amount necessary to make the adjusted
 23 gross income of any taxpayer that owns property for which bonus
 24 depreciation was allowed in the current taxable year or in an
 25 earlier taxable year equal to the amount of adjusted gross income
 26 that would have been computed had an election not been made
 27 under Section 168(k) of the Internal Revenue Code to apply bonus
 28 depreciation to the property in the year that it was placed in
 29 service.
- 30 (4) Add an amount equal to any deduction allowed under Section
 31 172 of the Internal Revenue Code.
- 32 (5) Add or subtract the amount necessary to make the adjusted
 33 gross income of any taxpayer that placed Section 179 property (as
 34 defined in Section 179 of the Internal Revenue Code) in service
 35 in the current taxable year or in an earlier taxable year equal to
 36 the amount of adjusted gross income that would have been
 37 computed had an election for federal income tax purposes not
 38 been made for the year in which the property was placed in
 39 service to take deductions under Section 179 of the Internal
 40 Revenue Code in a total amount exceeding twenty-five thousand
 41 dollars (\$25,000).
- 42 (6) Add an amount equal to the amount that a taxpayer claimed as



1 a deduction for domestic production activities for the taxable year
2 under Section 199 of the Internal Revenue Code for federal
3 income tax purposes.

4 (7) Subtract income that is:

5 (A) exempt from taxation under IC 6-3-2-21.7; and

6 (B) included in the taxpayer's taxable income under the
7 Internal Revenue Code.

8 (8) Add an amount equal to any income not included in gross
9 income as a result of the deferral of income arising from business
10 indebtedness discharged in connection with the reacquisition after
11 December 31, 2008, and before January 1, 2011, of an applicable
12 debt instrument, as provided in Section 108(i) of the Internal
13 Revenue Code. Subtract from the adjusted gross income of any
14 taxpayer that added an amount to adjusted gross income in a
15 previous year the amount necessary to offset the amount included
16 in federal gross income as a result of the deferral of income
17 arising from business indebtedness discharged in connection with
18 the reacquisition after December 31, 2008, and before January 1,
19 2011, of an applicable debt instrument, as provided in Section
20 108(i) of the Internal Revenue Code.

21 (9) Add the amount excluded from federal gross income under
22 Section 103 of the Internal Revenue Code for interest received on
23 an obligation of a state other than Indiana, or a political
24 subdivision of such a state, that is acquired by the taxpayer after
25 December 31, 2011.

26 SECTION 21. IC 6-3-1-11, AS AMENDED BY P.L.242-2015,
27 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
28 JANUARY 1, 2016 (RETROACTIVE)]: Sec. 11. (a) The term "Internal
29 Revenue Code" means the Internal Revenue Code of 1986 of the
30 United States as amended and in effect on January 1, ~~2015~~. **2016**.

31 (b) Whenever the Internal Revenue Code is mentioned in this
32 article, the particular provisions that are referred to, together with all
33 the other provisions of the Internal Revenue Code in effect on January
34 1, ~~2015~~, **2016**, that pertain to the provisions specifically mentioned,
35 shall be regarded as incorporated in this article by reference and have
36 the same force and effect as though fully set forth in this article. To the
37 extent the provisions apply to this article, regulations adopted under
38 Section 7805(a) of the Internal Revenue Code and in effect on January
39 1, ~~2015~~, **2016**, shall be regarded as rules adopted by the department
40 under this article, unless the department adopts specific rules that
41 supersede the regulation.

42 (c) An amendment to the Internal Revenue Code made by an act



1 passed by Congress before January 1, ~~2015~~, **2016**, that is effective for
 2 any taxable year that began before January 1, ~~2015~~, **2016**, and that
 3 affects:

- 4 (1) individual adjusted gross income (as defined in Section 62 of
 5 the Internal Revenue Code);
- 6 (2) corporate taxable income (as defined in Section 63 of the
 7 Internal Revenue Code);
- 8 (3) trust and estate taxable income (as defined in Section 641(b)
 9 of the Internal Revenue Code);
- 10 (4) life insurance company taxable income (as defined in Section
 11 801(b) of the Internal Revenue Code);
- 12 (5) mutual insurance company taxable income (as defined in
 13 Section 821(b) of the Internal Revenue Code); or
- 14 (6) taxable income (as defined in Section 832 of the Internal
 15 Revenue Code);

16 is also effective for that same taxable year for purposes of determining
 17 adjusted gross income under section 3.5 of this chapter.

18 (d) This subsection applies to a taxable year ending before January
 19 1, 2013. The following provisions of the Internal Revenue Code that
 20 were amended by the Tax Relief Act, Unemployment Insurance
 21 Reauthorization, and Job Creation Act of 2010 (P.L. 111-312) are
 22 treated as though they were not amended by the Tax Relief Act,
 23 Unemployment Insurance Reauthorization, and Job Creation Act of
 24 2010 (P.L. 111-312):

- 25 (1) Section 1367(a)(2) of the Internal Revenue Code pertaining to
 26 an adjustment of basis of the stock of shareholders.
- 27 (2) Section 871(k)(1)(C) and 871(k)(2)(C) of the Internal
 28 Revenue Code pertaining to the treatment of certain dividends of
 29 regulated investment companies.
- 30 (3) Section 897(h)(4)(A)(ii) of the Internal Revenue Code
 31 pertaining to regulated investment companies qualified entity
 32 treatment.
- 33 (4) Section 512(b)(13)(E)(iv) of the Internal Revenue Code
 34 pertaining to the modification of tax treatment of certain
 35 payments to controlling exempt organizations.
- 36 (5) Section 613A(c)(6)(H)(ii) of the Internal Revenue Code
 37 pertaining to the limitations on percentage depletion in the case
 38 of oil and gas wells.
- 39 (6) Section 451(i)(3) of the Internal Revenue Code pertaining to
 40 special rule for sales or dispositions to implement Federal Energy
 41 Regulatory Commission or state electric restructuring policy for
 42 qualified electric utilities.



- 1 (7) Section 954(c)(6) of the Internal Revenue Code pertaining to
 2 the look-through treatment of payments between related
 3 controlled foreign corporation under foreign personal holding
 4 company rules.
- 5 The department shall develop forms and adopt any necessary rules
 6 under IC 4-22-2 to implement this subsection.
- 7 SECTION 22. IC 6-3-3-12, AS AMENDED BY P.L.182-2009(ss),
 8 SECTION 198, IS AMENDED TO READ AS FOLLOWS
 9 [EFFECTIVE JULY 1, 2016]: Sec. 12. (a) As used in this section,
 10 "account" has the meaning set forth in IC 21-9-2-2.
- 11 (b) As used in this section, "account beneficiary" has the meaning
 12 set forth in IC 21-9-2-3.
- 13 (c) As used in this section, "account owner" has the meaning set
 14 forth in IC 21-9-2-4.
- 15 (d) As used in this section, "college choice 529 education savings
 16 plan" refers to a college choice 529 investment plan established under
 17 IC 21-9.
- 18 (e) As used in this section, "contribution" means the amount of
 19 money directly provided to a college choice 529 education savings plan
 20 account by a taxpayer. A contribution does not include any of the
 21 following:
- 22 (1) Money credited to an account as a result of bonus points or
 23 other forms of consideration earned by the taxpayer that result in
 24 a transfer of money to the account.
- 25 (2) Money transferred from any other qualified tuition program
 26 under Section 529 of the Internal Revenue Code or from any other
 27 similar plan.
- 28 (f) As used in this section, "nonqualified withdrawal" means a
 29 withdrawal or distribution from a college choice 529 education savings
 30 plan that is not a qualified withdrawal.
- 31 (g) As used in this section, "qualified higher education expenses"
 32 has the meaning set forth in IC 21-9-2-19.5.
- 33 (h) As used in this section, "qualified withdrawal" means a
 34 withdrawal or distribution from a college choice 529 education savings
 35 plan that is made:
- 36 (1) to pay for qualified higher education expenses, excluding any
 37 withdrawals or distributions used to pay for qualified higher
 38 education expenses if the withdrawals or distributions are made
 39 from an account of a college choice 529 education savings plan
 40 that is terminated within twelve (12) months after the account is
 41 opened;
- 42 (2) as a result of the death or disability of an account beneficiary;



1 (3) because an account beneficiary received a scholarship that
 2 paid for all or part of the qualified higher education expenses of
 3 the account beneficiary, to the extent that the withdrawal or
 4 distribution does not exceed the amount of the scholarship; or
 5 (4) by a college choice 529 education savings plan as the result of
 6 a transfer of funds by a college choice 529 education savings plan
 7 from one (1) third party custodian to another.

8 A qualified withdrawal does not include a rollover distribution or
 9 transfer of assets from a college choice 529 education savings plan to
 10 any other qualified tuition program under Section 529 of the Internal
 11 Revenue Code or to any other similar plan.

12 (i) As used in this section, "taxpayer" means:

- 13 (1) an individual filing a single return; or
 14 (2) a married couple filing a joint return.

15 (j) A taxpayer is entitled to a credit against the taxpayer's adjusted
 16 gross income tax imposed by IC 6-3-1 through IC 6-3-7 for a taxable
 17 year equal to the least of the following:

- 18 (1) Twenty percent (20%) of the amount of the total contributions
 19 made by the taxpayer to an account or accounts of a college
 20 choice 529 education savings plan during the taxable year.
 21 (2) One thousand dollars (\$1,000).
 22 (3) The amount of the taxpayer's adjusted gross income tax
 23 imposed by IC 6-3-1 through IC 6-3-7 for the taxable year,
 24 reduced by the sum of all credits (as determined without regard to
 25 this section) allowed by IC 6-3-1 through IC 6-3-7.

26 **(k) A taxpayer who makes a contribution to a college choice 529**
 27 **education savings plan is considered to have made the contribution**
 28 **on the date that:**

- 29 **(1) the taxpayer's contribution is postmarked or accepted by**
 30 **a delivery service, for contributions that are submitted to a**
 31 **college choice 529 education savings plan by mail or delivery**
 32 **service; or**
 33 **(2) the taxpayer's electronic funds transfer is initiated, for**
 34 **contributions that are submitted to a college choice 529**
 35 **education savings plan by electronic funds transfer.**

36 ~~(l)~~ **(l)** A taxpayer is not entitled to a carryback, carryover, or refund
 37 of an unused credit.

38 ~~(m)~~ **(m)** A taxpayer may not sell, assign, convey, or otherwise
 39 transfer the tax credit provided by this section.

40 ~~(n)~~ **(n)** To receive the credit provided by this section, a taxpayer
 41 must claim the credit on the taxpayer's annual state tax return or returns
 42 in the manner prescribed by the department. The taxpayer shall submit



1 to the department all information that the department determines is
2 necessary for the calculation of the credit provided by this section.

3 ~~(m)~~ (o) An account owner of an account of a college choice 529
4 education savings plan must repay all or a part of the credit in a taxable
5 year in which any nonqualified withdrawal is made from the account.

6 The amount the taxpayer must repay is equal to the lesser of:

7 (1) twenty percent (20%) of the total amount of nonqualified
8 withdrawals made during the taxable year from the account; or

9 (2) the excess of:

10 (A) the cumulative amount of all credits provided by this
11 section that are claimed by any taxpayer with respect to the
12 taxpayer's contributions to the account for all prior taxable
13 years beginning on or after January 1, 2007; over

14 (B) the cumulative amount of repayments paid by the account
15 owner under this subsection for all prior taxable years
16 beginning on or after January 1, 2008.

17 ~~(n)~~ (p) Any required repayment under subsection (o) shall be
18 reported by the account owner on the account owner's annual state
19 income tax return for any taxable year in which a nonqualified
20 withdrawal is made.

21 ~~(p)~~ (q) A nonresident account owner who is not required to file an
22 annual income tax return for a taxable year in which a nonqualified
23 withdrawal is made shall make any required repayment on the form
24 required under IC 6-3-4-1(2). If the nonresident account owner does
25 not make the required repayment, the department shall issue a demand
26 notice in accordance with IC 6-8.1-5-1.

27 ~~(q)~~ (r) The executive director of the Indiana education savings
28 authority shall submit or cause to be submitted to the department a
29 copy of all information returns or statements issued to account owners,
30 account beneficiaries, and other taxpayers for each taxable year with
31 respect to:

32 (1) nonqualified withdrawals made from accounts of a college
33 choice 529 education savings plan for the taxable year; or

34 (2) account closings for the taxable year.

35 SECTION 23. IC 6-3-3-14.6, AS ADDED BY P.L.213-2015,
36 SECTION 83, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
37 JULY 1, 2016]: Sec. 14.6. (a) This section applies only to taxable years
38 beginning after December 31, 2015.

39 (b) As used in this section, "hospital" means an acute care hospital
40 that:

41 (1) is licensed under IC 16-21-2;

42 (2) is operated on a for-profit basis;



- 1 (3) is subject to the adjusted gross income tax at the rate specified
- 2 in IC 6-3-2-1(b);
- 3 (4) provides health care, accommodations, facilities, and
- 4 equipment, in connection with the services of a physician, to
- 5 individuals who may need medical or surgical services; and
- 6 (5) is not primarily providing care and treatment of patients:
- 7 (A) with a cardiac condition;
- 8 (B) with an orthopedic condition; or
- 9 (C) receiving a surgical procedure.

10 (c) Each taxable year, a hospital is entitled to a credit against the
 11 hospital's adjusted gross income tax liability for the taxable year equal
 12 to ten percent (10%) of the property taxes paid in Indiana for the
 13 taxable year on property used as a hospital.

14 (d) The credit provided by this section may not exceed the amount
 15 of the taxpayer's adjusted gross income tax liability for the taxable year,
 16 reduced by the sum of all credits for the taxable year that are applied
 17 before the application of the credit provided by this section. The
 18 amount of any unused credit under this section for a taxable year may
 19 ~~not~~ be carried forward to a succeeding taxable year. ~~carried back to a~~
 20 ~~preceding taxable year; or refunded.~~

21 SECTION 24. IC 6-3-4-12, AS AMENDED BY P.L.242-2015,
 22 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 23 JULY 1, 2016]: Sec. 12. (a) Every partnership shall, at the time that the
 24 partnership pays or credits amounts to any of its nonresident partners
 25 on account of their distributive shares of partnership income, for a
 26 taxable year of the partnership, deduct and retain therefrom the amount
 27 prescribed in the withholding instructions referred to in section 8 of
 28 this chapter. Such partnership so paying or crediting any nonresident
 29 partner:

- 30 (1) shall be liable to the state of Indiana for the payment of the tax
- 31 required to be deducted and retained under this section and shall
- 32 not be liable to such partner for the amount deducted from such
- 33 payment or credit and paid over in compliance or intended
- 34 compliance with this section; and
- 35 (2) shall make return of and payment to the department monthly
- 36 whenever the amount of tax due under IC 6-3 and IC 6-3.5
- 37 exceeds an aggregate amount of fifty dollars (\$50) per month with
- 38 such payment due on the thirtieth day of the following month,
- 39 unless an earlier date is specified by section 8.1 of this chapter.

40 Where the aggregate amount due under IC 6-3 and IC 6-3.5 does not
 41 exceed fifty dollars (\$50) per month, then such partnership shall make
 42 return and payment to the department quarterly, on such dates and in



1 such manner as the department shall prescribe, of the amount of tax
2 which, under IC 6-3 and IC 6-3.5, it is required to withhold.

3 (b) Every partnership shall, at the time of each payment made by it
4 to the department pursuant to this section, deliver to the department a
5 return upon such form as shall be prescribed by the department
6 showing the total amounts paid or credited to its nonresident partners,
7 the amount deducted therefrom in accordance with the provisions of
8 this section, and such other information as the department may require.
9 Every partnership making the deduction and retention provided in this
10 section shall furnish to its nonresident partners annually, but not later
11 than the fifteenth day of the third month after the end of its taxable
12 year, a record of the amount of tax deducted and retained from such
13 partners on forms to be prescribed by the department.

14 (c) All money deducted and retained by the partnership, as provided
15 in this section, shall immediately upon such deduction be the money of
16 the state of Indiana and every partnership which deducts and retains
17 any amount of money under the provisions of IC 6-3 shall hold the
18 same in trust for the state of Indiana and for payment thereof to the
19 department in the manner and at the times provided in IC 6-3. Any
20 partnership may be required to post a surety bond in such sum as the
21 department shall determine to be appropriate to protect the state of
22 Indiana with respect to money deducted and retained pursuant to this
23 section.

24 (d) The provisions of IC 6-8.1 relating to additions to tax in case of
25 delinquency and penalties shall apply to partnerships subject to the
26 provisions of this section, and for these purposes any amount deducted,
27 or required to be deducted and remitted to the department under this
28 section, shall be considered to be the tax of the partnership, and with
29 respect to such amount it shall be considered the taxpayer.

30 (e) Amounts deducted from payments or credits to a nonresident
31 partner during any taxable year of the partnership in accordance with
32 the provisions of this section shall be considered to be in part payment
33 of the tax imposed on such nonresident partner for the nonresident
34 partner's taxable year within or with which the partnership's taxable
35 year ends. A return made by the partnership under subsection (b) shall
36 be accepted by the department as evidence in favor of the nonresident
37 partner of the amount so deducted for the nonresident partner's
38 distributive share.

39 (f) This section shall in no way relieve any nonresident partner from
40 the nonresident partner's obligations of filing a return or returns at the
41 time required under IC 6-3 or IC 6-3.5, and any unpaid tax shall be paid
42 at the time prescribed by section 5 of this chapter.



1 (g) Instead of the reporting periods required under subsection (a),
 2 the department may permit a partnership to file one (1) return and
 3 payment each year if the partnership pays or credits amounts to its
 4 nonresident partners only one (1) time each year. The return and
 5 payment are due on or before the fifteenth day of the fourth month after
 6 the end of the year. However, if a partnership is permitted an extension
 7 to file its income tax return under IC 6-8.1-6-1, the return and payment
 8 due under this subsection shall be allowed the same treatment as an
 9 extended income tax return with respect to due dates, interest, and
 10 penalties under IC 6-8.1-6-1.

11 **(h) If a partnership fails to withhold and pay any amount of tax**
 12 **required to be withheld under this section and thereafter the tax is**
 13 **paid by the partners, the amounts of tax as paid by the partners**
 14 **shall not be collected from the partnership but it may not be**
 15 **relieved from liability for interest or penalty otherwise due in**
 16 **respect to the failure to withhold under IC 6-8.1-10.**

17 ~~(h)~~ (i) A partnership shall file a composite adjusted gross income tax
 18 return on behalf of all nonresident partners. The composite return must
 19 include each nonresident partner regardless of whether or not the
 20 nonresident partner has other Indiana source income.

21 ~~(i)~~ (j) If a partnership does not include all nonresident partners in
 22 the composite return, the partnership is subject to the penalty imposed
 23 under IC 6-8.1-10-2.1(j).

24 ~~(j)~~ (k) For taxable years beginning after December 31, 2013, the
 25 department may not impose a late payment penalty on a partnership for
 26 the failure to file a return, pay the full amount of the tax shown on the
 27 partnership's return, or pay the deficiency of the withholding taxes due
 28 under this section if the partnership pays the department before the
 29 fifteenth day of the fourth month after the end of the partnership's
 30 taxable year at least:

- 31 (1) eighty percent (80%) of the withholding tax due for the
- 32 current year; or
- 33 (2) one hundred percent (100%) of the withholding tax due for the
- 34 preceding year.

35 ~~(k)~~ (l) Notwithstanding subsection (a) or ~~(h)~~; (i), a pass through
 36 entity is not required to withhold tax or file a composite adjusted gross
 37 income tax return for a nonresident member if the entity:

- 38 (1) is a publicly traded partnership as defined by Section 7704(b)
- 39 of the Internal Revenue Code;
- 40 (2) meets the exception for partnerships under Section 7704(c) of
- 41 the Internal Revenue Code; and
- 42 (3) has agreed to file an annual information return reporting the



1 name, address, taxpayer identification number, and other
 2 information requested by the department of each unit holder.
 3 The department may issue written guidance explaining circumstances
 4 under which limited partnerships or limited liability companies owned
 5 by a publicly traded partnership may be excluded from the withholding
 6 requirements of this section.

7 ~~(j)~~ **(m)** Notwithstanding subsection ~~(j)~~; **(k)**, a partnership is subject
 8 to a late payment penalty for the failure to file a return, pay the full
 9 amount of the tax shown on the partnership's return, or pay the
 10 deficiency of the withholding taxes due under this section for any
 11 amounts of withholding tax, including any interest under IC 6-8.1-10-1,
 12 reported or paid after the due date of the return, as adjusted by any
 13 extension under IC 6-8.1-6-1.

14 ~~(m)~~ **(n)** For purposes of this section, a "nonresident partner" is:
 15 (1) an individual who does not reside in Indiana;
 16 (2) a trust that does not reside in Indiana;
 17 (3) an estate that does not reside in Indiana;
 18 (4) a partnership not domiciled in Indiana;
 19 (5) a C corporation not domiciled in Indiana; or
 20 (6) an S corporation not domiciled in Indiana.

21 SECTION 25. IC 6-3-4-15, AS AMENDED BY P.L.242-2015,
 22 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 23 JULY 1, 2016]: Sec. 15. (a) A trust or estate shall, at the time that it
 24 distributes income (except income attributable to interest or dividends)
 25 to a nonresident beneficiary, deduct and retain therefrom the amount
 26 prescribed in the withholding instructions referred to in section 8 of
 27 this chapter. The trust or estate so distributing income to a nonresident
 28 beneficiary:

29 (1) is liable to this state for the tax which it is required to deduct
 30 and retain under this section and is not liable to the beneficiary for
 31 the amount deducted from the distribution and paid to the
 32 department in compliance, or intended compliance, with this
 33 section; and
 34 (2) shall pay the amount deducted to the department before the
 35 thirtieth day of the month following the distribution, unless an
 36 earlier date is specified by section 8.1 of this chapter.

37 (b) A trust or estate shall, at the time that it makes a payment to the
 38 department under this section, deliver to the department a return which
 39 shows the total amounts distributed to the trust's or estate's nonresident
 40 beneficiaries, the amount deducted from the distributions under this
 41 section, and any other information required by the department. The
 42 trust or estate shall file the return on the form prescribed by the



1 department. A trust or estate which makes the deduction and retention
 2 required by this section shall furnish to its nonresident beneficiaries
 3 annually, but not later than thirty (30) days after the end of the trust's
 4 or estate's taxable year, a record of the amount of tax deducted and
 5 retained from the beneficiaries. The trust or estate shall furnish the
 6 information on the form prescribed by the department.

7 (c) The money deducted and retained by a trust or estate under this
 8 section is money of this state. Every trust or estate which deducts and
 9 retains any money under this section shall hold the money in trust for
 10 this state until it pays the money to the department in the manner and
 11 at the time provided in this section. The department may require a trust
 12 or estate to post a surety bond to protect this state with respect to
 13 money deducted and retained by the trust or estate under this section.
 14 The department shall determine the amount of the surety bond.

15 (d) The provisions of IC 6-8.1 relating to penalties or to additions to
 16 tax in case of a delinquency apply to trusts and estates which are
 17 subject to this section. For purposes of this subsection, any amount
 18 deducted, or required to be deducted and remitted to the department,
 19 under this section is considered the tax of the trust or estate, and with
 20 respect to that amount, it is considered the taxpayer.

21 (e) Amounts deducted from distributions to nonresident
 22 beneficiaries under this section during a taxable year of the trust or
 23 estate are considered a partial payment of the tax imposed on the
 24 nonresident beneficiary for his taxable year within or with which the
 25 trust's or estate's taxable year ends. The department shall accept a
 26 return made by the trust or estate under subsection (b) as evidence of
 27 the amount of tax deducted from the income distributed to a
 28 nonresident beneficiary.

29 (f) This section does not relieve a nonresident beneficiary of his
 30 duty to file a return at the time required under IC 6-3. The nonresident
 31 beneficiary shall pay any unpaid tax at the time prescribed by section
 32 5 of this chapter.

33 **(g) If a trust or estate fails to withhold and pay any amount of**
 34 **tax required to be withheld under this section and thereafter the**
 35 **tax is paid by the beneficiaries, the amount of tax paid by the**
 36 **beneficiaries may not be collected from the trust or estate but it**
 37 **may not be relieved from liability for interest or penalty otherwise**
 38 **due in respect to the failure to withhold under IC 6-8.1-10.**

39 ~~(g)~~ **(h)** A trust or estate shall file a composite adjusted gross income
 40 tax return on behalf of all nonresident beneficiaries. The composite
 41 return must include each nonresident beneficiary regardless of whether
 42 the nonresident beneficiary has other Indiana source income.



1 ~~(h)~~ **(i)** For purposes of this section, a "nonresident beneficiary" is:

- 2 (1) an individual who does not reside in Indiana;
 3 (2) a trust that does not reside in Indiana;
 4 (3) an estate that does not reside in Indiana;
 5 (4) a partnership that is not domiciled in Indiana;
 6 (5) a C corporation that is not domiciled in Indiana; or
 7 (6) an S corporation that is not domiciled in Indiana.

8 ~~(h)~~ **(j)** If a trust or estate is permitted an extension to file its income
 9 tax return under IC 6-8.1-6-1, then the return and payment due under
 10 this subsection shall be allowed the same treatment as the extended
 11 income tax return with respect to due dates, interest, and penalties
 12 under IC 6-8.1-6-1.

13 SECTION 26. IC 6-8.1-8-2, AS AMENDED BY P.L.242-2015,
 14 SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 15 JULY 1, 2016]: Sec. 2. (a) Except as provided in IC 6-8.1-5-3 and
 16 sections 16 and 17 of this chapter, the department must issue a demand
 17 notice for the payment of a tax and any interest or penalties accrued on
 18 the tax, if a person files a tax return without including full payment of
 19 the tax or if the department, after ruling on a protest, finds that a person
 20 owes the tax before the department issues a tax warrant. The demand
 21 notice must state the following:

- 22 (1) That the person has ~~ten (10)~~ **twenty (20)** days from the date
 23 the department mails the notice to either pay the amount
 24 demanded or show reasonable cause for not paying the amount
 25 demanded.
 26 (2) The statutory authority of the department for the issuance of
 27 a tax warrant.
 28 (3) The earliest date on which a tax warrant may be filed and
 29 recorded.
 30 (4) The statutory authority for the department to levy against a
 31 person's property that is held by a financial institution.
 32 (5) The remedies available to the taxpayer to prevent the filing
 33 and recording of the judgment.

34 If the department files a tax warrant in more than one (1) county, the
 35 department is not required to issue more than one (1) demand notice.

36 (b) If the person does not pay the amount demanded or show
 37 reasonable cause for not paying the amount demanded within the ~~ten~~
 38 ~~(10)~~ **twenty (20)** day period, the department may issue a tax warrant
 39 for the amount of the tax, interest, penalties, collection fee, sheriff's
 40 costs, clerk's costs, and fees established under section 4(b) of this
 41 chapter when applicable. When the department issues a tax warrant, a
 42 collection fee of ten percent (10%) of the unpaid tax is added to the



- 1 total amount due.
- 2 (c) When the department issues a tax warrant, it may not file the
3 warrant with the circuit court clerk of any county in which the person
4 owns property until at least twenty (20) days after the date the demand
5 notice was mailed to the taxpayer. The department may also send the
6 warrant to the sheriff of any county in which the person owns property
7 and direct the sheriff to file the warrant with the circuit court clerk:
- 8 (1) at least twenty (20) days after the date the demand notice was
9 mailed to the taxpayer; and
10 (2) no later than five (5) days after the date the department issues
11 the warrant.
- 12 (d) When the circuit court clerk receives a tax warrant from the
13 department or the sheriff, the clerk shall record the warrant by making
14 an entry in the judgment debtor's column of the judgment record,
15 listing the following:
- 16 (1) The name of the person owing the tax.
17 (2) The amount of the tax, interest, penalties, collection fee,
18 sheriff's costs, clerk's costs, and fees established under section
19 4(b) of this chapter when applicable.
20 (3) The date the warrant was filed with the clerk.
- 21 (e) When the entry is made, the total amount of the tax warrant
22 becomes a judgment against the person owing the tax. The judgment
23 creates a lien in favor of the state that attaches to all the person's
24 interest in any:
- 25 (1) chose in action in the county; and
26 (2) real or personal property in the county;
27 excepting only negotiable instruments not yet due.
- 28 (f) A judgment obtained under this section is valid for ten (10) years
29 from the date the judgment is filed. The department may renew the
30 judgment for additional ten (10) year periods by filing an alias tax
31 warrant with the circuit court clerk of the county in which the judgment
32 previously existed.
- 33 (g) A judgment arising from a tax warrant in a county shall be
34 released by the department:
- 35 (1) after the judgment, including all accrued interest to the date of
36 payment, has been fully satisfied; or
37 (2) if the department determines that the tax assessment or the
38 issuance of the tax warrant was in error.
- 39 (h) Subject to subsections (p) and (q), if the department determines
40 that the filing of a tax warrant was in error or if the commissioner
41 determines that the release of the judgment and expungement of the tax
42 warrant are in the best interest of the state, the department shall mail a



1 release of the judgment to the taxpayer and the circuit court clerk of
 2 each county where the warrant was filed. The circuit court clerk of each
 3 county where the warrant was filed shall expunge the warrant from the
 4 judgment debtor's column of the judgment record. The department shall
 5 mail the release and the order for the warrant to be expunged as soon
 6 as possible but no later than seven (7) days after:

7 (1) the determination by the department that the filing of the
 8 warrant was in error; and

9 (2) the receipt of information by the department that the judgment
 10 has been recorded under subsection (d).

11 (i) If the department determines that a judgment described in
 12 subsection (h) is obstructing a lawful transaction, the department shall
 13 immediately upon making the determination mail:

14 (1) a release of the judgment to the taxpayer; and

15 (2) an order requiring the circuit court clerk of each county where
 16 the judgment was filed to expunge the warrant.

17 (j) A release issued under subsection (h) or (i) must state that the
 18 filing of the tax warrant was in error. Upon the request of the taxpayer,
 19 the department shall mail a copy of a release and the order for the
 20 warrant to be expunged issued under subsection (h) or (i) to each major
 21 credit reporting company located in each county where the judgment
 22 was filed.

23 (k) The commissioner shall notify each state agency or officer
 24 supplied with a tax warrant list of the issuance of a release under
 25 subsection (h) or (i).

26 (l) If the sheriff collects the full amount of a tax warrant, the sheriff
 27 shall disburse the money collected in the manner provided in section
 28 3(c) of this chapter. If a judgment has been partially or fully satisfied
 29 by a person's surety, the surety becomes subrogated to the department's
 30 rights under the judgment. If a sheriff releases a judgment:

31 (1) before the judgment is fully satisfied;

32 (2) before the sheriff has properly disbursed the amount collected;

33 or

34 (3) after the sheriff has returned the tax warrant to the department;
 35 the sheriff commits a Class B misdemeanor and is personally liable for
 36 the part of the judgment not remitted to the department.

37 (m) A lien on real property described in subsection (e)(2) is void if
 38 both of the following occur:

39 (1) The person owing the tax provides written notice to the
 40 department to file an action to foreclose the lien.

41 (2) The department fails to file an action to foreclose the lien not
 42 later than one hundred eighty (180) days after receiving the



- 1 notice.
- 2 (n) A person who gives notice under subsection (m) by registered
- 3 or certified mail to the department may file an affidavit of service of the
- 4 notice to file an action to foreclose the lien with the circuit court clerk
- 5 in the county in which the property is located. The affidavit must state
- 6 the following:
- 7 (1) The facts of the notice.
- 8 (2) That more than one hundred eighty (180) days have passed
- 9 since the notice was received by the department.
- 10 (3) That no action for foreclosure of the lien is pending.
- 11 (4) That no unsatisfied judgment has been rendered on the lien.
- 12 (o) Upon receipt of the affidavit described in subsection (n), the
- 13 circuit court clerk shall make an entry showing the release of the
- 14 judgment lien in the judgment records for tax warrants.
- 15 (p) The department shall adopt rules to define the circumstances
- 16 under which a release and expungement may be granted based on a
- 17 finding that the release and expungement would be in the best interest
- 18 of the state. The rules may allow the commissioner to expunge a tax
- 19 warrant in other circumstances not inconsistent with subsection (q) that
- 20 the commissioner determines are appropriate. Any releases or
- 21 expungements granted by the commissioner must be consistent with
- 22 these rules.
- 23 (q) The commissioner may expunge a tax warrant in the following
- 24 circumstances:
- 25 (1) If the taxpayer has timely and fully filed and paid all of the
- 26 taxpayer's state taxes, or has otherwise resolved any outstanding
- 27 state tax issues, for the preceding five (5) years.
- 28 (2) If the warrant was issued more than ten (10) years prior to the
- 29 expungement.
- 30 (3) If the warrant is not subject to pending litigation.
- 31 (4) Other circumstances not inconsistent with subdivisions (1)
- 32 through (3) that are specified in the rules adopted under
- 33 subsection (p).
- 34 (r) Notwithstanding any other provision in this section, the
- 35 commissioner may decline to release a judgment or expunge a warrant
- 36 upon a finding that the warrant was issued based on the taxpayer's
- 37 fraudulent, intentional, or reckless conduct.
- 38 (s) The rules required under subsection (p) shall specify the process
- 39 for requesting that the commissioner release and expunge a tax
- 40 warrant.
- 41 SECTION 27. IC 6-8.1-10-2.1, AS AMENDED BY
- 42 P.L.293-2013(ts), SECTION 34, IS AMENDED TO READ AS

ES 309—LS 6893/DI 73



1 FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 2.1. (a) Except as
 2 provided in ~~IC 6-3-4-12(j)~~ **IC 6-3-4-12(k)** and IC 6-3-4-13(1), a person
 3 that:

- 4 (1) fails to file a return for any of the listed taxes;
 5 (2) fails to pay the full amount of tax shown on the person's return
 6 on or before the due date for the return or payment;
 7 (3) incurs, upon examination by the department, a deficiency that
 8 is due to negligence;
 9 (4) fails to timely remit any tax held in trust for the state; or
 10 (5) is required to make a payment by electronic funds transfer (as
 11 defined in IC 4-8.1-2-7), overnight courier, or personal delivery
 12 and the payment is not received by the department by the due date
 13 in funds acceptable to the department;

14 is subject to a penalty.

15 (b) Except as provided in subsection (g), the penalty described in
 16 subsection (a) is ten percent (10%) of:

- 17 (1) the full amount of the tax due if the person failed to file the
 18 return;
 19 (2) the amount of the tax not paid, if the person filed the return
 20 but failed to pay the full amount of the tax shown on the return;
 21 (3) the amount of the tax held in trust that is not timely remitted;
 22 (4) the amount of deficiency as finally determined by the
 23 department; or
 24 (5) the amount of tax due if a person failed to make payment by
 25 electronic funds transfer, overnight courier, or personal delivery
 26 by the due date.

27 (c) For purposes of this section, the filing of a substantially blank or
 28 unsigned return does not constitute a return.

29 (d) If a person subject to the penalty imposed under this section can
 30 show that the failure to file a return, pay the full amount of tax shown
 31 on the person's return, timely remit tax held in trust, or pay the
 32 deficiency determined by the department was due to reasonable cause
 33 and not due to willful neglect, the department shall waive the penalty.

34 (e) A person who wishes to avoid the penalty imposed under this
 35 section must make an affirmative showing of all facts alleged as a
 36 reasonable cause for the person's failure to file the return, pay the
 37 amount of tax shown on the person's return, pay the deficiency, or
 38 timely remit tax held in trust, in a written statement containing a
 39 declaration that the statement is made under penalty of perjury. The
 40 statement must be filed with the return or payment within the time
 41 prescribed for protesting departmental assessments. A taxpayer may
 42 also avoid the penalty imposed under this section by obtaining a ruling



1 from the department before the end of a particular tax period on the
2 amount of tax due for that tax period.

3 (f) The department shall adopt rules under IC 4-22-2 to prescribe the
4 circumstances that constitute reasonable cause and negligence for
5 purposes of this section.

6 (g) A person who fails to file a return for a listed tax that shows no
7 tax liability for a taxable year, other than an information return (as
8 defined in section 6 of this chapter), on or before the due date of the
9 return shall pay a penalty of ten dollars (\$10) for each day that the
10 return is past due, up to a maximum of two hundred fifty dollars
11 (\$250).

12 (h) A:

13 (1) corporation which otherwise qualifies under IC 6-3-2-2.8(2);

14 (2) partnership; or

15 (3) trust;

16 that fails to withhold and pay any amount of tax required to be withheld
17 under IC 6-3-4-12, IC 6-3-4-13, or IC 6-3-4-15 shall pay a penalty
18 equal to twenty percent (20%) of the amount of tax required to be
19 withheld under IC 6-3-4-12, IC 6-3-4-13, or IC 6-3-4-15. This penalty
20 shall be in addition to any penalty imposed by section 6 of this chapter.

21 (i) Subsections (a) through (c) do not apply to a motor carrier fuel
22 tax return.

23 (j) If a partnership or an S corporation fails to include all
24 nonresidential individual partners or nonresidential individual
25 shareholders in a composite return as required by ~~IC 6-3-4-12(h)~~
26 **IC 6-3-4-12(i)** or IC 6-3-4-13(j), a penalty of five hundred dollars
27 (\$500) per partnership or S corporation is imposed on the partnership
28 or S corporation.

29 SECTION 28. IC 6-9-29-3 IS AMENDED TO READ AS
30 FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 3. If an ordinance has
31 been adopted requiring the payment of the innkeeper's tax to the county
32 treasurer instead of the department of state revenue, the county
33 treasurer has the same rights and powers with respect to collecting **and**
34 **refunding** the county innkeeper's tax as the department of state
35 revenue.

36 SECTION 29. IC 8-15-3-23, AS AMENDED BY P.L.47-2006,
37 SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
38 JANUARY 1, 2010 (RETROACTIVE)]: Sec. 23. (a) The exercise of
39 the powers granted by this chapter to the department or the authority
40 must be in all respects for:

41 (1) the benefit of the people of Indiana;

42 (2) the increase of the commerce and prosperity of Indiana; and

ES 309—LS 6893/DI 73



1 (3) the improvement of the health and living conditions of the
2 people of Indiana.

3 (b) Since the operation and maintenance of a tollway by the
4 department or the authority constitutes the performance of essential
5 governmental functions, neither the department nor the authority is
6 required to pay any taxes or assessments upon a tollway or any property
7 acquired or used by the department under this chapter or IC 8-15.7 or
8 upon the income from a tollway.

9 (c) The operator under a public-private agreement is not required to
10 pay taxes or assessments upon a tollway, any property or property
11 interest acquired by the operator under a public-private agreement, or
12 any possessory interest in the tollway or in property granted or created
13 by the public-private agreement under this chapter or IC 8-15.7.

14 (d) An operator or any other person purchasing tangible personal
15 property for incorporation into or improvement of a structure or facility
16 constituting or becoming part of the land included in:

17 (1) a tollway; or

18 (2) property granted or created by the public-private agreement;
19 is entitled to the exemption from gross retail tax and use tax provided
20 under ~~IC 6-2.5-4-9(b)~~ **IC 6-2.5-4-9(c)** and IC 6-2.5-3-2(c),
21 respectively, with respect to that tangible personal property.

22 SECTION 30. IC 8-15.5-1-2, AS AMENDED BY THE
23 TECHNICAL CORRECTIONS BILL OF THE 2016 GENERAL
24 ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
25 UPON PASSAGE]: Sec. 2. (a) This article contains full and complete
26 authority for public-private agreements between the authority, a private
27 entity, and, where applicable, a governmental entity. Except as
28 provided in this article, no law, procedure, proceeding, publication,
29 notice, consent, approval, order, or act by the authority or any other
30 officer, department, agency, or instrumentality of the state or any
31 political subdivision is required for the authority to enter into a
32 public-private agreement with a private entity under this article, or for
33 a project that is the subject of a public-private agreement to be
34 constructed, acquired, maintained, repaired, operated, financed,
35 transferred, or conveyed.

36 (b) Before the authority or the department may issue a request for
37 proposals for or enter into a public-private agreement under this article
38 that would authorize an operator to impose tolls for the operation of
39 motor vehicles on all or part of a toll road project, the general assembly
40 must adopt a statute authorizing the imposition of tolls. However,
41 during the period beginning July 1, 2011, and ending June 30, 2021,
42 and notwithstanding subsection (c), the general assembly is not



1 required to enact a statute authorizing the authority or the department
 2 to issue a request for proposals or enter into a public-private agreement
 3 to authorize an operator to impose tolls for the operation of motor
 4 vehicles on all or part of the following projects:

5 (1) A project on which construction begins after June 30, 2011,
 6 not including any part of Interstate Highway 69 other than a part
 7 described in subdivision (4).

8 (2) The addition of toll lanes, including high occupancy toll lanes,
 9 to a highway, roadway, or other facility in existence on July 1,
 10 2011, if the number of nontolled lanes on the highway, roadway,
 11 or facility as of July 1, 2011, does not decrease due to the addition
 12 of the toll lanes.

13 (3) The Illiana Expressway, a limited access facility connecting
 14 Interstate Highway 65 in northwestern Indiana with an interstate
 15 highway in Illinois.

16 (4) A project that is located within a metropolitan planning area
 17 (as defined by 23 U.S.C. 134) and that connects the state of
 18 Indiana with the commonwealth of Kentucky.

19 (c) Before the authority or an operator may carry out any of the
 20 following activities under this article, the general assembly must enact
 21 a statute authorizing that activity:

22 (1) Imposing tolls on motor vehicles for use of Interstate Highway
 23 69.

24 (2) Imposing tolls on motor vehicles for use of a nontolled
 25 highway, roadway, or other facility in existence or under
 26 construction on July 1, 2011, including nontolled interstate
 27 highways, U.S. routes, and state routes.

28 (d) ~~Except as provided in subsection (c)(1);~~ The general assembly
 29 is not required to enact a statute authorizing the authority or the
 30 department to issue a request for proposals or enter into a
 31 public-private agreement for a freeway project.

32 (e) The authority may enter into a public-private agreement for a
 33 facility project if the general assembly, by statute, authorizes the
 34 authority to enter into a public-private agreement for the facility
 35 project.

36 (f) As permitted by subsection (e), the general assembly authorizes
 37 the authority to enter into public-private agreements for the following
 38 facility projects:

39 (1) A state park inn and related improvements in an existing state
 40 park located in a county with a population of more than two
 41 hundred thousand (200,000) and less than three hundred thousand
 42 (300,000).



- 1 (2) Communications systems infrastructure, including:
 2 (A) towers and associated land, improvements, foundations,
 3 access roads and rights-of-way, structures, fencing, and
 4 equipment necessary, proper, or convenient to enable the
 5 towers to function as part of the communications system;
 6 (B) any equipment necessary, proper, or convenient to transmit
 7 and receive voice and data communications; and
 8 (C) any other necessary, proper, or convenient elements of the
 9 communications system.

10 (3) Larue D. Carter Memorial Hospital in Indianapolis.

11 (g) **The following apply to a public-private agreement for**
 12 **communications systems infrastructure under subsection (f)(2):**

13 (1) **The authority may:**

14 (A) **use the procedures set forth in IC 8-15.5-4; or**

15 (B) **at the authority's option and in its sole discretion,**
 16 **negotiate an agreement with a single offeror.**

17 **The authority must issue a request for information before**
 18 **entering into negotiations with a single offeror. If an**
 19 **agreement is negotiated with a single offeror, IC 8-15.5-4-11**
 20 **and IC 8-15.5-4-12 are the only sections in IC 8-15.5-4 that**
 21 **apply.**

22 (2) **This article, and any other applicable laws with respect to**
 23 **establishing, charging, and collecting user fees, including**
 24 **IC 8-15.5-7, do not apply, and the operator may establish,**
 25 **charge, and collect user fees as set forth in the public-private**
 26 **agreement.**

27 (3) **Notwithstanding IC 8-15.5-5-2(2) providing that all**
 28 **improvements and real property must be owned by the**
 29 **authority in the name of the state or by a governmental entity,**
 30 **or both, the public-private agreement may provide that any**
 31 **improvements on any real property interests may be owned**
 32 **by the authority, a governmental entity, an operator, or a**
 33 **private entity.**

34 (4) **The authority shall transfer money received from an operator**
 35 **under a lease public-private agreement for communications**
 36 **systems infrastructure under subdivision (f)(2) to the state**
 37 **bicentennial capital account established under IC 4-12-1-14.9.**

38 **SECTION 31. IC 8-15.5-4-0.5 IS ADDED TO THE INDIANA**
 39 **CODE AS A NEW SECTION TO READ AS FOLLOWS**
 40 **[EFFECTIVE UPON PASSAGE]: Sec. 0.5. If a public-private**
 41 **agreement for communications systems infrastructure is**
 42 **negotiated with a single offeror under IC 8-15.5-1-2(g)(1)(B), the**



1 **requirements of this chapter, except sections 11 and 12 of this**
 2 **chapter, do not apply.**

3 SECTION 32. IC 8-15.5-4-11, AS AMENDED BY P.L.205-2013,
 4 SECTION 148, IS AMENDED TO READ AS FOLLOWS
 5 [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) After the **applicable**
 6 procedures required in this chapter have been completed, the authority
 7 shall make a determination as to whether the offeror that submitted the
 8 selected offer should be designated as the operator for the project and
 9 shall submit the authority's determination to the governor and the
 10 budget committee.

11 (b) After review of the authority's determination by the budget
 12 committee, the governor may accept or reject the determination of the
 13 authority. If the governor accepts the determination of the authority, the
 14 governor shall designate the offeror who submitted the selected offer
 15 as the operator for the project. The authority shall publish notice of the
 16 designation of the operator for the project one (1) time, in accordance
 17 with IC 5-3-1.

18 (c) After the designation of the operator for the project, the authority
 19 may execute the public-private agreement with that operator.

20 (d) The budget committee shall hold a meeting and conduct a
 21 review of the determination not later than ninety (90) days after the
 22 date the authority's determination is submitted for review.

23 SECTION 33. IC 8-15.7-7-2, AS ADDED BY P.L.47-2006,
 24 SECTION 40, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 25 JANUARY 1, 2010 (RETROACTIVE)]: Sec. 2. An operator or any
 26 other person purchasing tangible personal property for incorporation
 27 into or improvement of a structure or facility constituting or becoming
 28 part of the land included in a project is entitled to the exemption from
 29 gross retail tax and use tax provided under ~~IC 6-2.5-4-9(b)~~
 30 **IC 6-2.5-4-9(c)** and IC 6-2.5-3-2(c), respectively, with respect to that
 31 tangible personal property.

32 SECTION 34. IC 16-46-14-2, AS ADDED BY P.L.125-2015,
 33 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 34 JULY 1, 2016]: Sec. 2. (a) The safety PIN (protecting Indiana's
 35 newborns) grant fund is established for the ~~purposes~~ **purpose** of
 36 distributing money for the reducing infant mortality grant program. The
 37 fund shall be administered by the state department.

38 (b) The fund consists of:

- 39 (1) money appropriated to the fund by the general assembly;
 40 (2) money received from state or federal grants or programs; and
 41 (3) gifts, money, and donations received from any other source,
 42 including transfers from other funds or accounts.



1 (c) The expenses of administering the fund shall be paid from
2 money in the fund.

3 (d) The treasurer of state shall invest the money in the fund not
4 currently needed to meet the obligations of the fund in the same
5 manner as other public money may be invested. Interest that accrues
6 from the investments shall be deposited in the fund.

7 **(e) Money in the fund at the end of a state fiscal year does not**
8 **revert to the state general fund.**

9 SECTION 35. IC 16-46-14-3, AS ADDED BY P.L.125-2015,
10 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
11 JULY 1, 2016]: Sec. 3. (a) A person seeking a grant under this chapter
12 must submit a proposal to the state department.

13 (b) A proposal for a grant under this chapter must include the
14 following:

15 (1) The targeted area.

16 (2) Measurable behavioral or secondary outcomes within the
17 target area.

18 (3) A proposed specific reduction in the rate of infant mortality
19 among the targeted area that is measurable based on available
20 information to the state department.

21 (4) The time frame in which to achieve the reduction described in
22 subdivision (3).

23 (c) The state department shall determine whether to approve a grant
24 proposal. If the state department approves a proposal, the initial award
25 amount shall not exceed ~~fifty percent (50%)~~ **sixty percent (60%)** of
26 the total grant amount approved for the proposal. The state department
27 shall distribute the remaining amount of the approved grant to the
28 grantee when the state department determines that the reduction in the
29 infant mortality rate among the proposal's targeted area has been
30 achieved within the time frame specified in the grant proposal.

31 SECTION 36. IC 25-2.1-5-8, AS AMENDED BY P.L.197-2011,
32 SECTION 78, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
33 JULY 1, 2016]: Sec. 8. (a) The board shall adopt rules that require as
34 a condition to renew a permit under this chapter, that an applicant
35 undergo, not more than once every three (3) years, a quality review
36 (before July 1, 2012) or peer review (after June 30, 2012) conducted in
37 a manner the board specifies.

38 (b) The rules adopted under subsection (a) must:

39 (1) be adopted reasonably in advance of the time when a quality
40 review (before July 1, 2012) or peer review (after June 30, 2012)
41 first becomes effective;

42 (2) include reasonable provision for compliance by an applicant



1 showing that the applicant has in the preceding three (3) years
 2 undergone a quality review (before July 1, 2012) or peer review
 3 (after June 30, 2012) that is a satisfactory equivalent to the quality
 4 review (before July 1, 2012) or peer review (after June 30, 2012)
 5 required under this section;

6 **(3) require the firm to submit a copy of the results of its most**
 7 **recently accepted peer review to the board either directly or**
 8 **through the administering entity;**

9 ~~(3)~~ (4) require, with respect to quality reviews (before July 1,
 10 2012) or peer reviews (after June 30, 2012) under subdivision (2),
 11 that the quality review (before July 1, 2012) or peer review (after
 12 June 30, 2012) be subject to review by an oversight body
 13 established or sanctioned by the board that shall:

14 (A) comply with IC 25-2.1-9-4; and

15 (B) periodically report to the board on the effectiveness of the
 16 review program and provide to the board a listing of firms that
 17 have participated in a quality review (before July 1, 2012) or
 18 peer review (after June 30, 2012) program; and

19 ~~(4)~~ (5) subject to section 9 of this chapter and IC 25-2.1-9-4,
 20 require, with respect to quality reviews (before July 1, 2012) or
 21 peer reviews (after June 30, 2012) under subdivision (2), that:

22 (A) the proceedings, records, and work papers of a review
 23 committee are privileged and are not subject to discovery,
 24 subpoena, or other means of legal process or introduction into
 25 evidence in a civil action, arbitration, administrative
 26 proceeding, or Indiana board of accountancy proceeding; and

27 (B) a member of the review committee or individual who was
 28 involved in the quality review (before July 1, 2012) or peer
 29 review (after June 30, 2012) process is not permitted or
 30 required to testify in a civil action, arbitration, administrative
 31 proceeding, or board proceeding to matters:

32 (i) produced, presented, disclosed or discussed during, or in
 33 connection with, the quality review (before July 1, 2012) or
 34 peer review (after June 30, 2012) process; or

35 (ii) that involve findings, recommendations, evaluations,
 36 opinions, or other actions of the committee or a committee
 37 member.

38 **(c) Before December 1, 2016, the board shall submit a report to**
 39 **the legislative council, in an electronic format under IC 5-14-6,**
 40 **with any statutory changes recommended by the board. This**
 41 **subsection expires July 1, 2017.**

42 SECTION 37. IC 25-2.1-5-9, AS AMENDED BY P.L.197-2011,



1 SECTION 79, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 JULY 1, 2016]: Sec. 9. (a) Notwithstanding section ~~8(b)(4)(B)~~
3 **8(b)(5)(B)** of this chapter, information, documents, or records that are
4 publicly available are not immune from discovery or use in any civil
5 action, arbitration, administrative proceeding, or board proceeding
6 merely because they were presented or considered in connection with
7 the quality review (before July 1, 2012) or peer review (after June 30,
8 2012) process.

9 (b) Any:

10 (1) materials prepared in connection with a particular engagement
11 merely because they happen to subsequently be presented or
12 considered as part of the quality review (before July 1, 2012) or
13 peer review (after June 30, 2012) process; or
14 (2) dispute between review committees and individuals or firms
15 subject to a quality review (before July 1, 2012) or peer review
16 (after June 30, 2012) arising from the performance of the quality
17 review (before July 1, 2012) or peer review (after June 30, 2012);
18 are not privileged.

19 SECTION 38. IC 36-1-8-14.2, AS AMENDED BY P.L.146-2008,
20 SECTION 686, IS AMENDED TO READ AS FOLLOWS
21 [EFFECTIVE JULY 1, 2016]: Sec. 14.2. **(a) PILOTS may not be**
22 **imposed under this section for an assessment date occurring after**
23 **January 1, 2017.**

24 ~~(a)~~ **(b)** As used in this section, the following terms have the
25 meanings set forth in IC 6-1.1-1:

- 26 (1) Assessed value.
27 (2) Exemption.
28 (3) Owner.
29 (4) Person.
30 (5) Property taxation.
31 (6) Real property.
32 (7) Township assessor.

33 ~~(b)~~ **(c)** As used in this section, "PILOTS" means payments in lieu of
34 taxes.

35 ~~(c)~~ **(d)** As used in this section, "property owner" means the owner
36 of real property described in IC 6-1.1-10-16.7 **(before its expiration).**

37 ~~(d)~~ **(e)** Subject to **subsection (a) and** the approval of a property
38 owner, the governing body of a political subdivision may adopt an
39 ordinance to require the property owner to pay PILOTS at times set
40 forth in the ordinance with respect to real property that is subject to an
41 exemption under IC 6-1.1-10-16.7 **(before its expiration).** **if the**
42 **improvements that qualify the real property for an exemption were**

ES 309—LS 6893/DI 73



1 ~~begun or acquired after December 31, 2001.~~ The ordinance remains in
 2 full force and effect until:

3 **(1) the date the ordinance is** repealed or modified by the
 4 governing body, subject to the approval of the property owner; **or**

5 **(2) January 1, 2017;**

6 **whichever occurs first.**

7 ~~(e)~~ **(f)** The PILOTS must be calculated so that the PILOTS are in an
 8 amount equal to the amount of property taxes that would have been
 9 levied by the governing body for the political subdivision upon the real
 10 property described in subsection ~~(d)~~ **(e)** if the property were not subject
 11 to an exemption from property taxation.

12 ~~(f)~~ **(g)** PILOTS shall be imposed as are property taxes and shall be
 13 based on the assessed value of the real property described in subsection
 14 ~~(d)~~ **(e)**. Except as provided in subsection ~~(j)~~ **(k)**, the township
 15 assessor, or the county assessor if there is no township assessor for the
 16 township, shall assess the real property described in subsection ~~(d)~~ **(e)**
 17 as though the property were not subject to an exemption.

18 ~~(g)~~ **(h)** PILOTS collected under this section shall be deposited in the
 19 unit's affordable housing fund established under IC 5-20-5-15.5 and
 20 used for any purpose for which the affordable housing fund may be
 21 used.

22 ~~(h)~~ **(i)** PILOTS shall be due as set forth in the ordinance and bear
 23 interest, if unpaid, as in the case of other taxes on property. PILOTS
 24 shall be treated in the same manner as taxes for purposes of all
 25 procedural and substantive provisions of law.

26 ~~(i)~~ **(j)** This section does not apply to a county that contains a
 27 consolidated city or to a political subdivision of the county.

28 ~~(j)~~ **(k)** If the duties of the township assessor have been transferred
 29 to the county assessor as described in IC 6-1.1-1-24, a reference to the
 30 township assessor in this section is considered to be a reference to the
 31 county assessor.

32 **(l) This section expires January 1, 2020.**

33 SECTION 39. IC 36-2-6-22, AS AMENDED BY P.L.146-2008,
 34 SECTION 690, IS AMENDED TO READ AS FOLLOWS
 35 [EFFECTIVE JULY 1, 2016]: Sec. 22. **(a) PILOTS may not be**
 36 **imposed under this section for an assessment date occurring after**
 37 **January 1, 2017.**

38 ~~(a)~~ **(b)** As used in this section, the following terms have the
 39 meanings set forth in IC 6-1.1-1:

40 (1) Assessed value.

41 (2) Exemption.

42 (3) Owner.



- 1 (4) Person.
 2 (5) Property taxation.
 3 (6) Real property.
 4 (7) Township assessor.
 5 ~~(b)~~ (c) As used in this section, "PILOTS" means payments in lieu of
 6 taxes.
 7 ~~(e)~~ (d) As used in this section, "property owner" means the owner
 8 of real property described in IC 6-1.1-10-16.7 **(before its expiration)**
 9 that is not located in a county containing a consolidated city.
 10 ~~(d)~~ (e) Subject to **subsection (a) and** the approval of a property
 11 owner, the fiscal body of a county may adopt an ordinance to require
 12 the property owner to pay PILOTS at times set forth in the ordinance
 13 with respect to real property that is subject to an exemption under
 14 IC 6-1.1-10-16.7 **(before its expiration)**. The ordinance remains in full
 15 force and effect until:
 16 **(1) the date the ordinance is** repealed or modified by the
 17 legislative body, subject to the approval of the property owner; **or**
 18 **(2) January 1, 2017;**
 19 **whichever occurs first.**
 20 ~~(e)~~ (f) The PILOTS must be calculated so that the PILOTS are in an
 21 amount equal to the amount of property taxes that would have been
 22 levied upon the real property described in subsection ~~(d)~~ (e) if the
 23 property were not subject to an exemption from property taxation.
 24 ~~(f)~~ (g) PILOTS shall be imposed in the same manner as property
 25 taxes and shall be based on the assessed value of the real property
 26 described in subsection ~~(d)~~ (e). Except as provided in subsection ~~(i)~~;
 27 (j), the township assessor, or the county assessor if there is no township
 28 assessor for the township, shall assess the real property described in
 29 subsection ~~(d)~~ (e) as though the property were not subject to an
 30 exemption.
 31 ~~(g)~~ (h) PILOTS collected under this section shall be distributed in
 32 the same manner as if they were property taxes being distributed to
 33 taxing units in the county.
 34 ~~(h)~~ (i) PILOTS shall be due as set forth in the ordinance and bear
 35 interest, if unpaid, as in the case of other taxes on property. PILOTS
 36 shall be treated in the same manner as taxes for purposes of all
 37 procedural and substantive provisions of law.
 38 ~~(i)~~ (j) If the duties of the township assessor have been transferred to
 39 the county assessor as described in IC 6-1.1-1-24, a reference to the
 40 township assessor in this section is considered to be a reference to the
 41 county assessor.
 42 **(k) This section expires January 1, 2020.**



1 SECTION 40. IC 36-3-2-11, AS AMENDED BY P.L.146-2008,
 2 SECTION 702, IS AMENDED TO READ AS FOLLOWS
 3 [EFFECTIVE JULY 1, 2016]: Sec. 11. **(a) PILOTS may not be**
 4 **imposed under this section for an assessment date occurring after**
 5 **January 1, 2017.**

6 ~~(a)~~ **(b)** As used in this section, the following terms have the
 7 meanings set forth in IC 6-1.1-1:

- 8 (1) Assessed value.
- 9 (2) Exemption.
- 10 (3) Owner.
- 11 (4) Person.
- 12 (5) Property taxation.
- 13 (6) Real property.
- 14 (7) Township assessor.

15 ~~(b)~~ **(c)** As used in this section, "PILOTS" means payments in lieu of
 16 taxes.

17 ~~(c)~~ **(d)** As used in this section, "property owner" means the owner
 18 of real property described in IC 6-1.1-10-16.7 **(before its expiration)**
 19 that is located in a county with a consolidated city.

20 ~~(d)~~ **(e)** Subject to **subsection (a) and** the approval of a property
 21 owner, the legislative body of the consolidated city may adopt an
 22 ordinance to require the property owner to pay PILOTS at times set
 23 forth in the ordinance with respect to real property that is subject to an
 24 exemption under IC 6-1.1-10-16.7 **(before its expiration)**. The
 25 ordinance remains in full force and effect until:

- 26 **(1) the date the ordinance is** repealed or modified by the
 27 legislative body, subject to the approval of the property owner; **or**
 28 **(2) January 1, 2017;**

29 **whichever occurs first.**

30 ~~(e)~~ **(f)** The PILOTS must be calculated so that the PILOTS are in an
 31 amount that is:

- 32 (1) agreed upon by the property owner and the legislative body of
 33 the consolidated city;
- 34 (2) a percentage of the property taxes that would have been levied
 35 by the legislative body for the consolidated city and the county
 36 upon the real property described in subsection ~~(d)~~ **(e)** if the
 37 property were not subject to an exemption from property taxation;
 38 and
- 39 (3) not more than the amount of property taxes that would have
 40 been levied by the legislative body for the consolidated city and
 41 county upon the real property described in subsection ~~(d)~~ **(e)** if the
 42 property were not subject to an exemption from property taxation.



1 ~~(f)~~ (g) PILOTS shall be imposed as are property taxes and shall be
 2 based on the assessed value of the real property described in subsection
 3 ~~(d)~~: (e). Except as provided in subsection ~~(i)~~; (j), the township assessor,
 4 or the county assessor if there is no township assessor for the township,
 5 shall assess the real property described in subsection ~~(d)~~ (e) as though
 6 the property were not subject to an exemption.

7 ~~(g)~~ (h) PILOTS collected under this section shall be deposited in the
 8 housing trust fund established under IC 36-7-15.1-35.5 and used for
 9 any purpose for which the housing trust fund may be used.

10 ~~(h)~~ (i) PILOTS shall be due as set forth in the ordinance and bear
 11 interest, if unpaid, as in the case of other taxes on property. PILOTS
 12 shall be treated in the same manner as taxes for purposes of all
 13 procedural and substantive provisions of law.

14 ~~(i)~~ (j) If the duties of the township assessor have been transferred to
 15 the county assessor as described in IC 6-1.1-1-24, a reference to the
 16 township assessor in this section is considered to be a reference to the
 17 county assessor.

18 **(k) This section expires January 1, 2020.**

19 SECTION 41. IC 36-7-4-1104 IS AMENDED TO READ AS
 20 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1104. (a) As used
 21 in this section, "state agency" means all agencies, boards, commissions,
 22 departments, and institutions, including state educational institutions,
 23 of the state.

24 (b) ADVISORY—AREA. This chapter does not restrict or regulate
 25 (or authorize any political subdivision, legislative body, plan
 26 commission, or board of zoning appeals to restrict or regulate) the
 27 exercise of the power of eminent domain by the state, ~~or~~ by any state
 28 agency, **or by the Indiana finance authority (IC 4-4-11-4)**, or the use
 29 of property owned or occupied by the state, ~~or~~ by any state agency, **or**
 30 **by the Indiana finance authority.**

31 SECTION 42. IC 36-7-15.1-35.5, AS AMENDED BY
 32 P.L.144-2013, SECTION 2, IS AMENDED TO READ AS FOLLOWS
 33 [EFFECTIVE JULY 1, 2016]: Sec. 35.5. (a) The general assembly
 34 finds the following:

35 (1) Federal law permits the sale of a multiple family housing
 36 project that is or has been covered, in whole or in part, by a
 37 contract for project based assistance from the United States
 38 Department of Housing and Urban Development without
 39 requiring the continuation of that project based assistance.

40 (2) Such a sale displaces the former residents of a multiple family
 41 housing project described in subdivision (1) and increases the
 42 shortage of safe and affordable housing for persons of low and



- 1 moderate income within the county.
- 2 (3) The displacement of families and individuals from affordable
- 3 housing requires increased expenditures of public funds for crime
- 4 prevention, public health and safety, fire and accident prevention,
- 5 and other public services and facilities.
- 6 (4) The establishment of a supplemental housing program under
- 7 this section will do the following:
- 8 (A) Benefit the health, safety, morals, and welfare of the
- 9 county and the state.
- 10 (B) Serve to protect and increase property values in the county
- 11 and the state.
- 12 (C) Benefit persons of low and moderate income by making
- 13 affordable housing available to them.
- 14 (5) The establishment of a supplemental housing program under
- 15 this section and sections 32 through 35 of this chapter is:
- 16 (A) necessary in the public interest; and
- 17 (B) a public use and purpose for which public money may be
- 18 spent and private property may be acquired.
- 19 (b) In addition to its other powers with respect to a housing program
- 20 under sections 32 through 35 of this chapter, the commission may
- 21 establish a supplemental housing program. Except as provided by this
- 22 section, the commission has the same powers and duties with respect
- 23 to the supplemental housing program that the commission has under
- 24 sections 32 through 35 of this chapter with respect to the housing
- 25 program.
- 26 (c) One (1) allocation area may be established for the supplemental
- 27 housing program. The commission is not required to make the findings
- 28 required under section 34(5) through 34(8) of this chapter with respect
- 29 to the allocation area. However, the commission must find that the
- 30 property contained within the boundaries of the allocation area consists
- 31 solely of one (1) or more multiple family housing projects that are or
- 32 have been covered, in whole or in part, by a contract for project based
- 33 assistance from the United States Department of Housing and Urban
- 34 Development or have been owned at one time by a public housing
- 35 agency. The allocation area need not be contiguous. The definition of
- 36 "base assessed value" set forth in section 35(a) of this chapter applies
- 37 to the special fund established under section 26(b) of this chapter for
- 38 the allocation area.
- 39 (d) The special fund established under section 26(b) of this chapter
- 40 for the allocation area established under this section may be used only
- 41 for the following purposes:
- 42 (1) Subject to subdivision (2), on January 1 and July 1 of each



- 1 year the balance of the special fund shall be transferred to the
 2 housing trust fund established under subsection (e).
 3 (2) The commission may provide each taxpayer in the allocation
 4 area a credit for property tax replacement in the manner provided
 5 by section 35(b)(7) of this chapter. Transfers made under
 6 subdivision (1) shall be reduced by the amount necessary to
 7 provide the credit.
- 8 (e) The commission shall, by resolution, establish a housing trust
 9 fund to be administered, subject to the terms of the resolution, by:
 10 (1) the housing division of the consolidated city; or
 11 (2) the department, division, or agency that has been designated
 12 to perform the public housing function by an ordinance adopted
 13 under IC 36-7-18-1.
- 14 (f) The housing trust fund consists of:
 15 (1) amounts transferred to the fund under subsection (d);
 16 (2) payments in lieu of taxes deposited in the fund under
 17 IC 36-3-2-11 **(before its expiration)**;
 18 (3) gifts and grants to the fund;
 19 (4) investment income earned on the fund's assets;
 20 (5) money deposited in the fund under IC 36-2-7-10(j); and
 21 (6) other funds from sources approved by the commission.
- 22 (g) The commission shall, by resolution, establish uses for the
 23 housing trust fund. However, the uses must be limited to:
 24 (1) providing financial assistance to those individuals and
 25 families whose income is at or below eighty percent (80%) of the
 26 county's median income for individuals and families, respectively,
 27 to enable those individuals and families to purchase or lease
 28 residential units within the county;
 29 (2) paying expenses of administering the fund;
 30 (3) making grants, loans, and loan guarantees for the
 31 development, rehabilitation, or financing of affordable housing
 32 for individuals and families whose income is at or below eighty
 33 percent (80%) of the county's median income for individuals and
 34 families, respectively, including the elderly, persons with
 35 disabilities, and homeless individuals and families;
 36 (4) providing technical assistance to nonprofit developers of
 37 affordable housing; and
 38 (5) funding other programs considered appropriate to meet the
 39 affordable housing and community development needs of lower
 40 income families (as defined in IC 5-20-4-5) and very low income
 41 families (as defined in IC 5-20-4-6), including lower income
 42 elderly individuals, individuals with disabilities, and homeless



1 individuals.

2 (h) At least fifty percent (50%) of the dollars allocated for
3 production, rehabilitation, or purchase of housing must be used for
4 units to be occupied by individuals and families whose income is at or
5 below fifty percent (50%) of the county's area median income for
6 individuals and families, respectively.

7 (i) The low income housing trust fund advisory committee is
8 established. The low-income housing trust fund advisory committee
9 consists of eleven (11) members. The membership of the low income
10 housing trust fund advisory committee is comprised of:

11 (1) one (1) member appointed by the mayor, to represent the
12 interests of low income families;

13 (2) one (1) member appointed by the mayor, to represent the
14 interests of owners of subsidized, multifamily housing
15 communities;

16 (3) one (1) member appointed by the mayor, to represent the
17 interests of banks and other financial institutions;

18 (4) one (1) member appointed by the mayor, of the department of
19 metropolitan development;

20 (5) three (3) members representing the community at large
21 appointed by the commission, from nominations submitted to the
22 commission as a result of a general call for nominations from
23 neighborhood associations, community based organizations, and
24 other social services agencies;

25 (6) one (1) member appointed by and representing the Coalition
26 for Homeless Intervention and Prevention of Greater Indianapolis;

27 (7) one (1) member appointed by and representing the Local
28 Initiatives Support Corporation;

29 (8) one (1) member appointed by and representing the
30 Indianapolis Coalition for Neighborhood Development; and

31 (9) one (1) member appointed by and representing the
32 Indianapolis Neighborhood Housing Partnership.

33 Members of the low income housing trust fund advisory committee
34 serve for a term of four (4) years, and are eligible for reappointment. If
35 a vacancy exists on the committee, the appointing authority who
36 appointed the former member whose position has become vacant shall
37 appoint an individual to fill the vacancy. A committee member may be
38 removed at any time by the appointing authority who appointed the
39 committee member.

40 (j) The low income housing trust fund advisory committee shall
41 make recommendations to the commission regarding:

42 (1) the development of policies and procedures for the uses of the



- 1 low income housing trust fund; and
 2 (2) long term sources of capital for the low income housing trust
 3 fund, including:
 4 (A) revenue from:
 5 (i) development ordinances;
 6 (ii) fees; or
 7 (iii) taxes;
 8 (B) financial market based income;
 9 (C) revenue derived from private sources; and
 10 (D) revenue generated from grants, gifts, donations, or income
 11 in any other form, from a:
 12 (i) government program;
 13 (ii) foundation; or
 14 (iii) corporation.

15 (k) The county treasurer shall invest the money in the fund not
 16 currently needed to meet the obligations of the fund in the same
 17 manner as other public funds may be invested.

18 **SECTION 43. [EFFECTIVE JANUARY 1, 2017] (a) IC 6-3-1-3.5,**
 19 **as amended by this act, applies to taxable years beginning after**
 20 **December 31, 2016.**

21 **(b) This SECTION expires January 1, 2019.**

22 **SECTION 44. [EFFECTIVE UPON PASSAGE] (a) For any**
 23 **taxpayer predominately engaged in the business of cutting steel**
 24 **bars owned by others into billets, IC 6-2.5-5-3(a)(1)(B), as amended**
 25 **by P.L.250-2015, SECTION 10 (as in effect January 1, 2016), shall**
 26 **be applied retroactively as if it were in effect on January 1, 2011.**
 27 **However, a taxpayer predominantly engaged in the business of**
 28 **cutting steel bars owned by others into billets is not entitled to a**
 29 **refund of state gross retail or use taxes paid for any tax period**
 30 **beginning December 31, 2010, and before January 1, 2016, if that**
 31 **refund is based on a claim that applies IC 6-2.5-5-3(a)(1)(B).**

32 **(b) This SECTION expires January 1, 2020.**

33 **SECTION 45. An emergency is declared for this act.**



COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 309, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 14, delete lines 1 through 25, begin a new paragraph and insert:

"SECTION 14. IC 6-2.5-1-14.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 14.7. "Construction material" means any tangible personal property to be converted into real property.**

SECTION 15. IC 6-2.5-1-14.9 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 14.9. "Contractor" means any person engaged in converting construction material into real property on behalf of another person. The term includes, but is not limited to, general or prime contractors, subcontractors, and specialty contractors.**

SECTION 16. IC 6-2.5-1-27.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 27.7. "Time and material contract" means a contract in which the cost of construction material and the cost of labor or other charges are stated separately.**

SECTION 17. IC 6-2.5-3-2, AS AMENDED BY P.L.13-2013, SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 2. (a) An excise tax, known as the use tax, is imposed on the storage, use, or consumption of tangible personal property in Indiana if the property was acquired in a retail transaction, regardless of the location of that transaction or of the retail merchant making that transaction.**

(b) The use tax is also imposed on the storage, use, or consumption of a vehicle, an aircraft, or a watercraft, if the vehicle, aircraft, or watercraft:

- (1) is acquired in a transaction that is an isolated or occasional sale; and
- (2) is required to be titled, licensed, or registered by this state for use in Indiana.

(c) The use tax is imposed on the addition of tangible personal property to a structure or facility, if, after its addition, the property



becomes part of the real estate on which the structure or facility is located. **a contractor's conversion of construction material into real property if that construction material was purchased by the contractor.** However, the use tax does not apply to **additions conversions of tangible personal property construction material** described in this subsection, if:

(1) the state gross retail or use tax has been previously imposed on the **sale contractor's acquisition** or use of that **property; or construction material;**

(2) the **ultimate purchaser or recipient of that property would have been a person for whom the construction material is being converted could have purchased the material** exempt from the state gross retail and use taxes, **as evidenced by a properly issued exemption certificate,** if that **purchaser or recipient person** had directly purchased the **property from the supplier for addition to the structure or facility. construction material from a retail merchant in a retail transaction; or**

(3) **the conversion of the construction material into real property is governed by a time and material contract as described in IC 6-2.5-4-9(b).**

(d) The use tax is imposed on a person who:

(1) manufactures, fabricates, or assembles tangible personal property from materials either within or outside Indiana; and

(2) uses, stores, distributes, or consumes tangible personal property in Indiana.

(e) Notwithstanding any other provision of this section, the use tax is not imposed on the keeping, retaining, or exercising of any right or power over tangible personal property, if:

(1) the property is delivered into Indiana by or for the purchaser of the property;

(2) the property is delivered in Indiana for the sole purpose of being processed, printed, fabricated, or manufactured into, attached to, or incorporated into other tangible personal property; and

(3) the property is subsequently transported out of state for use solely outside Indiana.

(f) As used in subsection (g) and IC 6-2.5-5-42:

(1) "completion work" means the addition of tangible personal property to or reconfiguration of the interior of an aircraft, if the work requires the issuance of an airworthiness certificate from the:

(A) Federal Aviation Administration; or



(B) equivalent foreign regulatory authority; due to the change in the type certification basis of the aircraft resulting from the addition to or reconfiguration of the interior of the aircraft;

(2) "delivery" means the physical delivery of the aircraft regardless of who holds title; and

(3) "prepurchase evaluation" means an examination of an aircraft by a potential purchaser for the purpose of obtaining information relevant to the potential purchase of the aircraft.

(g) Notwithstanding any other provision of this section, the use tax is not imposed on the keeping, retaining, or exercising of any right or power over an aircraft, if:

(1) the aircraft is or will be titled, registered, or based (as defined in IC 6-6-6.5-1(m)) in another state or country;

(2) the aircraft is delivered to Indiana by or for a nonresident owner or purchaser of the aircraft;

(3) the aircraft is delivered to Indiana for the sole purpose of being repaired, refurbished, remanufactured, or subjected to completion work or a prepurchase evaluation; and

(4) after completion of the repair, refurbishment, remanufacture, completion work, or prepurchase evaluation, the aircraft is transported to a destination outside Indiana.

(h) The amendments made to this section by P.L.153-2012 shall be interpreted to specify and not to change the general assembly's intent with respect to this section.

SECTION 18. IC 6-2.5-4-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]:
Sec. 9. (a) A person is a retail merchant making a retail transaction when the person sells tangible personal property which:

(1) is to be added to a structure or facility by the purchaser; and

(2) after its addition to the structure or facility, would become a part of the real **estate property** on which the structure or facility is located.

(b) **Notwithstanding subsection (a), a transaction described in subsection (a) is not a retail transaction, if the ultimate purchaser or recipient of the property to be added to the structure or facility would be exempt from the state gross retail and use taxes if that purchaser or recipient had directly purchased the property from the supplier for addition to the structure or facility. A contractor is a retail merchant making a retail transaction when the contractor:**

(1) disposes of tangible personal property; or

(2) converts tangible personal property into real property;



under a time and material contract. As such a retail merchant, a contractor described in this subsection shall collect, as an agent of the state, the state gross retail tax on the resale of the construction material and remit the state gross retail tax as provided in this article.

SECTION 19. IC 6-2.5-5-3, AS AMENDED BY P.L.250-2015, SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2017]: Sec. 3. (a) For purposes of this section:

(1) the:

(A) retreading of tires; **and**

~~(B) cutting of steel bars into billets; and~~

~~(C) (B) felling of trees for further use in production or for sale in the ordinary course of business;~~

shall be treated as the processing of tangible personal property; and

(2) commercial printing shall be treated as the production and manufacture of tangible personal property.

(b) Except as provided in subsection (c), transactions involving manufacturing machinery, tools, and equipment are exempt from the state gross retail tax if the person acquiring that property acquires it for direct use in the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining, or finishing of other tangible personal property, including material handling equipment purchased for the purpose of transporting materials into such activities from an onsite location.

(c) The exemption provided in subsection (b) does not apply to transactions involving distribution equipment or transmission equipment acquired by a public utility engaged in generating electricity."

Page 15, line 2, delete "or the owner of the" and insert ".".

Page 15, delete line 3.

Page 16, line 14, reset in roman "151(c)(1)(B)".

Page 16, line 14, delete "151(c)".

Page 16, line 15, delete "Code;" and insert "Code".

Page 16, line 15, reset in roman "(as effective January 1, 2004);".

Page 16, line 15, strike "and".

Page 16, between lines 15 and 16, begin a new line double block indented and insert:

"(B) one thousand five hundred dollars (\$1,500) for each exemption allowed under Section 151(c) of the Internal Revenue Code for an individual:

(i) who is less than nineteen (19) years of age or is a



full-time student who is less than twenty-four (24) years of age;
(ii) for whom the taxpayer is the legal guardian; and
(iii) for whom the taxpayer does not claim an exemption under clause (A); and".

Page 16, line 16, strike "(B)" and insert "(C)".

Page 54, delete lines 16 through 42.

Delete page 55.

Page 56, delete lines 1 through 8.

Page 66, delete lines 33 through 36, begin a new paragraph and insert:

"SECTION 72. [EFFECTIVE UPON PASSAGE] (a) For any taxpayer predominately engaged in the business of cutting steel bars owned by others into billets, IC 6-2.5-5-3(a)(1)(B), as amended by P.L.250-2015, SECTION 10 (as in effect January 1, 2016), shall be applied retroactively as if it were in effect on January 1, 2011. However, a taxpayer predominantly engaged in the business of cutting steel bars owned by others into billets is not entitled to a refund of state gross retail or use taxes paid for any tax period beginning December 31, 2010, and before January 1, 2016, if that refund is based on a claim that applies IC 6-2.5-5-3(a)(1)(B).

(b) This SECTION expires January 1, 2020."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 309 as introduced.)

HERSHMAN, Chairperson

Committee Vote: Yeas 8, Nays 4.

SENATE MOTION

Madam President: I move that Senate Bill 309 be amended to read as follows:

Page 14, between lines 12 and 13, begin a new paragraph and insert:

"SECTION 16. IC 6-2.5-1-19.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 19.5. "Facilitator" means a person who:

(1) contracts or otherwise enters into an agreement:

(A) with a person who rents or furnishes rooms, lodgings,

ES 309—LS 6893/DI 73



- or accommodations for consideration; and
- (B) to market the room, lodging, or accommodation through the Internet; and**
- (2) accepts payment from the consumer for the room, lodging, or accommodation.**

The term does not include a licensee (as defined in IC 25-34.1-1-2(6)) under the real estate broker licensing act (IC 25-34.1) or the owner of the room, lodging, or accommodation."

Page 16, between lines 17 and 18, begin a new paragraph and insert:

"SECTION 19. IC 6-2.5-4-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 4. (a) A person is a retail merchant making a retail transaction when the person rents or furnishes rooms, lodgings, or other accommodations, such as booths, display spaces, banquet facilities, and cubicles or spaces used for adult relaxation, massage, modeling, dancing, or other entertainment to another person:

- (1) if those rooms, lodgings, or accommodations are rented or furnished for periods of less than thirty (30) days; and
- (2) if the rooms, lodgings, and accommodations are located in:
 - (A) a hotel, motel, inn, tourist camp, tourist cabin, gymnasium, hall, coliseum, or other place, where rooms, lodgings, or accommodations are regularly furnished for consideration; or**
 - (B) a house, condominium, or apartment in which rooms, lodgings, or accommodations are rented or furnished for transient residential housing for consideration.**

(b) A facilitator is a retail merchant making a retail transaction when the facilitator accepts payment from the consumer for a room, lodging, or accommodation rented or furnished in Indiana.

~~(b)~~ **(c) Except as provided in section 4.2 of this chapter**, each rental or furnishing by a retail merchant under subsection (a) **or (b)** is a separate unitary transaction regardless of whether consideration is paid to an independent contractor or directly to the retail merchant.

~~(c)~~ **(d)** For purposes of this section, "consideration" includes a membership fee charged to a customer.

~~(d)~~ **(e)** Notwithstanding subsection (a), a person is not a retail merchant making a retail transaction if:

- (1) the person is a promoter that rents a booth or display space to an exhibitor; and
- (2) the booth or display space is located in a facility that:
 - (A) is described in subsection (a)(2); and
 - (B) is operated by a political subdivision (including a capital



improvement board established under IC 36-10-8 or IC 36-10-9) or the state fair commission.

This subsection does not exempt from the state gross retail tax the renting of accommodations by a political subdivision or the state fair commission to a promoter or an exhibitor.

SECTION 20. IC 6-2.5-4-4.2 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 4.2. (a) A person or a facilitator who is a retail merchant making a retail transaction described in section 4 of this chapter shall give to the consumer of the room, lodging, or accommodation an itemized statement separately stating all of the following:**

- (1) The part of the gross retail income that is charged by the person for renting or furnishing the room, lodging, or accommodation.**
- (2) Any amount collected by the person renting or furnishing the room, lodging, or accommodation for:**
 - (A) the state gross retail or use tax; and**
 - (B) any innkeeper's tax due under IC 6-9.**
- (3) Any part of the gross retail income that is a fee, commission, or other charge of a facilitator."**

Page 17, delete lines 22 through 42.

Page 18, delete lines 1 through 23.

Page 59, delete lines 8 through 14.

Page 67, delete lines 36 through 39.

Renumber all SECTIONS consecutively.

(Reference is to SB 309 as printed January 29, 2016.)

WALKER

SENATE MOTION

Madam President: I move that Senate Bill 309 be amended to read as follows:

Page 27, delete lines 37 through 42.

Page 28, delete lines 1 through 34.

Page 34, delete lines 10 through 33.

Page 50, delete lines 11 through 42.

Delete pages 51 through 52.

ES 309—LS 6893/DI 73



Page 53, delete lines 1 through 33.
 Page 59, delete lines 22 through 42.
 Page 60, delete lines 1 through 3.
 Renumber all SECTIONS consecutively.

(Reference is to SB 309 as printed January 29, 2016.)

BRODEN

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 309, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 5-10-1.1-10 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 10. (a) It is the policy of the general assembly to provide a legal and regulatory environment that is conducive to the growth of small business and the recruitment, hiring, and retention of productive and responsible employees. In furtherance of this policy, it is the intent of the general assembly to foster an environment that encourages small businesses to provide retirement savings opportunities to their employees by facilitating access to efficient, cost effective, employer based retirement savings plans.**

(b) The auditor of state, as administrator of the state employees' deferred compensation plan, is directed to:

(1) study the issues involved with the development of a multiple employer plan for private sector employers located in Indiana consistent with:

(A) the Interpretive Bulletin (80 FR 71936, amending 29 CFR Part 2509) issued by the Employee Benefits Security Administration of the United States Department of Labor on November 18, 2015; and

(B) applicable Internal Revenue Service legal authorities; and

(2) report on the findings of the study described in subdivision

(1) not later than December 31, 2016, to:

(A) the budget committee; and



(B) the legislative council in an electronic format under IC 5-14-6.

(c) This section expires July 1, 2017."

Page 2, delete lines 19 through 42, begin a new paragraph and insert:

"SECTION 2. IC 6-1.1-10-16.7, AS AMENDED BY P.L.181-2006, SECTION 42, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 16.7. **(a) Except as otherwise provided in this section,** all or part of real property is exempt from property taxation if:

- (1) the improvements on the real property were constructed, rehabilitated, or acquired for the purpose of providing housing to income eligible persons under the federal low income housing tax credit program under 26 U.S.C. 42;
- (2) the real property is subject to an extended use agreement under 26 U.S.C. 42 as administered by the Indiana housing and community development authority; and
- (3) the owner of the property has entered into an agreement to make payments in lieu of taxes under IC 36-1-8-14.2 **(before its expiration), IC 36-2-6-22 (before its expiration), or IC 36-3-2-11 (before its expiration).**

(b) For assessment dates after December 31, 2017, all or part of real property is exempt from property taxation if:

- (1) the conditions specified in subsection (a)(1) through (a)(3) are met; and**
- (2) before January 1, 2018:**
 - (A) the real property was exempt from property taxation under this section for one (1) or more assessment dates;**
 - (B) a person filed an application seeking bond financing with a political subdivision with respect to the real property;**
 - (C) a person filed an application with the Indiana housing and community development authority seeking tax credits under 26 U.S.C. 42 with respect to the real property; or**
 - (D) the real property was the subject of a resolution for affordable housing adopted by a political subdivision.**

(c) This section may not be construed in such a way as to:

- (1) alter the terms of an agreement with the holders of any outstanding notes, bonds, or other obligations of an issuing body;**
- (2) authorize the issuing body to alter the terms of an agreement described in subdivision (1); or**
- (3) impair, or authorize the issuing body to impair, the rights**



and remedies of any creditor of the issuing body."

Delete pages 3 through 6.

Page 7, delete lines 1 through 10.

Page 14, delete lines 13 through 26.

Page 16, delete lines 32 through 42, begin a new paragraph and insert:

"SECTION 18. IC 6-2.5-4-4.2 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 4.2. (a) As used in this section, "facilitator" means a person who:**

(1) contracts or otherwise enters into an agreement:

(A) with a person who rents or furnishes rooms, lodgings, or accommodations for consideration; and

(B) to market the room, lodging, or accommodation through the Internet; and

(2) accepts payment from the consumer for the room, lodging, or accommodation.

The term does not include a licensee (as defined in IC 25-34.1-1-2(6)) under the real estate broker licensing act (IC 25-34.1) or the owner of the room, lodging, or accommodation.

(b) A facilitator shall give to the consumer of the room, lodging, or accommodation an itemized statement separately stating any amount collected by the person renting or furnishing the room, lodging, or accommodation for:

(1) the state gross retail or use tax; and

(2) any innkeeper's tax due under IC 6-9.

(c) A penalty of twenty-five dollars (\$25) is imposed for each transaction described in subsection (b) in which a facilitator fails to separately state:

(1) the state gross retail or use tax; and

(2) any innkeeper's tax due under IC 6-9."

Delete page 17.

Page 18, delete lines 1 through 22, begin a new paragraph and insert:

"SECTION 19. IC 6-2.5-4-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: Sec. 9. (a) A person is a retail merchant making a retail transaction when the person sells tangible personal property which:

(1) is to be added to a structure or facility by the purchaser; and

(2) after its addition to the structure or facility, would become a part of the real estate on which the structure or facility is located.

(b) A contractor is a retail merchant making a retail transaction



when the contractor:

(1) disposes of tangible personal property; or
 (2) converts tangible personal property into real property;
 under a time and material contract. As such a retail merchant, a contractor described in this subsection shall collect, as an agent of the state, the state gross retail tax on the resale of the construction material and remit the state gross retail tax as provided in this article.

(b) (c) Notwithstanding subsection (a), subsections (a) and (b), a transaction described in subsection (a) or (b) is not a retail transaction, if the ultimate purchaser or recipient of the property to be added to the a structure or facility would be exempt from the state gross retail and use taxes if that purchaser or recipient had directly purchased the property from the supplier for addition to the structure or facility."

Page 19, line 5, delete "P.L.250-2015," and insert "SEA 23-2016, SECTION 4,".

Page 19, line 6, delete "SECTION 12,".

Page 19, line 34, after "(B)" insert "for taxable years beginning after December 31, 2017,".

Page 23, line 12, delete "intangible".

Page 28, delete lines 18 through 42, begin a new paragraph and insert:

"SECTION 24. IC 6-3-1-11, AS AMENDED BY P.L.242-2015, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2016 (RETROACTIVE)]: Sec. 11. (a) The term "Internal Revenue Code" means the Internal Revenue Code of 1986 of the United States as amended and in effect on January 1, 2015; 2016.

(b) Whenever the Internal Revenue Code is mentioned in this article, the particular provisions that are referred to, together with all the other provisions of the Internal Revenue Code in effect on January 1, 2015; 2016, that pertain to the provisions specifically mentioned, shall be regarded as incorporated in this article by reference and have the same force and effect as though fully set forth in this article. To the extent the provisions apply to this article, regulations adopted under Section 7805(a) of the Internal Revenue Code and in effect on January 1, 2015; 2016, shall be regarded as rules adopted by the department under this article, unless the department adopts specific rules that supersede the regulation.

(c) An amendment to the Internal Revenue Code made by an act passed by Congress before January 1, 2015; 2016, that is effective for any taxable year that began before January 1, 2015; 2016, and that affects:

ES 309—LS 6893/DI 73



- (1) individual adjusted gross income (as defined in Section 62 of the Internal Revenue Code);
- (2) corporate taxable income (as defined in Section 63 of the Internal Revenue Code);
- (3) trust and estate taxable income (as defined in Section 641(b) of the Internal Revenue Code);
- (4) life insurance company taxable income (as defined in Section 801(b) of the Internal Revenue Code);
- (5) mutual insurance company taxable income (as defined in Section 821(b) of the Internal Revenue Code); or
- (6) taxable income (as defined in Section 832 of the Internal Revenue Code);

is also effective for that same taxable year for purposes of determining adjusted gross income under section 3.5 of this chapter.

(d) This subsection applies to a taxable year ending before January 1, 2013. The following provisions of the Internal Revenue Code that were amended by the Tax Relief Act, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312) are treated as though they were not amended by the Tax Relief Act, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 (P.L. 111-312):

- (1) Section 1367(a)(2) of the Internal Revenue Code pertaining to an adjustment of basis of the stock of shareholders.
- (2) Section 871(k)(1)(C) and 871(k)(2)(C) of the Internal Revenue Code pertaining to the treatment of certain dividends of regulated investment companies.
- (3) Section 897(h)(4)(A)(ii) of the Internal Revenue Code pertaining to regulated investment companies qualified entity treatment.
- (4) Section 512(b)(13)(E)(iv) of the Internal Revenue Code pertaining to the modification of tax treatment of certain payments to controlling exempt organizations.
- (5) Section 613A(c)(6)(H)(ii) of the Internal Revenue Code pertaining to the limitations on percentage depletion in the case of oil and gas wells.
- (6) Section 451(i)(3) of the Internal Revenue Code pertaining to special rule for sales or dispositions to implement Federal Energy Regulatory Commission or state electric restructuring policy for qualified electric utilities.
- (7) Section 954(c)(6) of the Internal Revenue Code pertaining to the look-through treatment of payments between related controlled foreign corporation under foreign personal holding



company rules.

The department shall develop forms and adopt any necessary rules under IC 4-22-2 to implement this subsection.

SECTION 25. IC 6-3-3-12, AS AMENDED BY P.L.182-2009(ss), SECTION 198, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 12. (a) As used in this section, "account" has the meaning set forth in IC 21-9-2-2.

(b) As used in this section, "account beneficiary" has the meaning set forth in IC 21-9-2-3.

(c) As used in this section, "account owner" has the meaning set forth in IC 21-9-2-4.

(d) As used in this section, "college choice 529 education savings plan" refers to a college choice 529 investment plan established under IC 21-9.

(e) As used in this section, "contribution" means the amount of money directly provided to a college choice 529 education savings plan account by a taxpayer. A contribution does not include any of the following:

- (1) Money credited to an account as a result of bonus points or other forms of consideration earned by the taxpayer that result in a transfer of money to the account.
- (2) Money transferred from any other qualified tuition program under Section 529 of the Internal Revenue Code or from any other similar plan.

(f) As used in this section, "nonqualified withdrawal" means a withdrawal or distribution from a college choice 529 education savings plan that is not a qualified withdrawal.

(g) As used in this section, "qualified higher education expenses" has the meaning set forth in IC 21-9-2-19.5.

(h) As used in this section, "qualified withdrawal" means a withdrawal or distribution from a college choice 529 education savings plan that is made:

- (1) to pay for qualified higher education expenses, excluding any withdrawals or distributions used to pay for qualified higher education expenses if the withdrawals or distributions are made from an account of a college choice 529 education savings plan that is terminated within twelve (12) months after the account is opened;
- (2) as a result of the death or disability of an account beneficiary;
- (3) because an account beneficiary received a scholarship that paid for all or part of the qualified higher education expenses of the account beneficiary, to the extent that the withdrawal or



distribution does not exceed the amount of the scholarship; or
 (4) by a college choice 529 education savings plan as the result of
 a transfer of funds by a college choice 529 education savings plan
 from one (1) third party custodian to another.

A qualified withdrawal does not include a rollover distribution or
 transfer of assets from a college choice 529 education savings plan to
 any other qualified tuition program under Section 529 of the Internal
 Revenue Code or to any other similar plan.

(i) As used in this section, "taxpayer" means:

- (1) an individual filing a single return; or
- (2) a married couple filing a joint return.

(j) A taxpayer is entitled to a credit against the taxpayer's adjusted
 gross income tax imposed by IC 6-3-1 through IC 6-3-7 for a taxable
 year equal to the least of the following:

- (1) Twenty percent (20%) of the amount of the total contributions
 made by the taxpayer to an account or accounts of a college
 choice 529 education savings plan during the taxable year.
- (2) One thousand dollars (\$1,000).
- (3) The amount of the taxpayer's adjusted gross income tax
 imposed by IC 6-3-1 through IC 6-3-7 for the taxable year,
 reduced by the sum of all credits (as determined without regard to
 this section) allowed by IC 6-3-1 through IC 6-3-7.

**(k) A taxpayer who makes a contribution to a college choice 529
 education savings plan is considered to have made the contribution
 on the date that:**

- (1) the taxpayer's contribution is postmarked or accepted by
 a delivery service, for contributions that are submitted to a
 college choice 529 education savings plan by mail or delivery
 service;**
- (2) the taxpayer's electronic funds transfer is initiated, for
 contributions that are submitted to a college choice 529
 education savings plan by electronic funds transfer; or**
- (3) the taxpayer unambiguously issues instructions or executes
 an action that is reasonably sufficient to result in a
 contribution to a college choice 529 education savings plan, if
 subdivisions (1) and (2) do not apply.**

~~(k)~~ **(l)** A taxpayer is not entitled to a carryback, carryover, or refund
 of an unused credit.

~~(l)~~ **(m)** A taxpayer may not sell, assign, convey, or otherwise
 transfer the tax credit provided by this section.

~~(m)~~ **(n)** To receive the credit provided by this section, a taxpayer
 must claim the credit on the taxpayer's annual state tax return or returns



in the manner prescribed by the department. The taxpayer shall submit to the department all information that the department determines is necessary for the calculation of the credit provided by this section.

~~(n)~~ (o) An account owner of an account of a college choice 529 education savings plan must repay all or a part of the credit in a taxable year in which any nonqualified withdrawal is made from the account. The amount the taxpayer must repay is equal to the lesser of:

- (1) twenty percent (20%) of the total amount of nonqualified withdrawals made during the taxable year from the account; or
- (2) the excess of:
 - (A) the cumulative amount of all credits provided by this section that are claimed by any taxpayer with respect to the taxpayer's contributions to the account for all prior taxable years beginning on or after January 1, 2007; over
 - (B) the cumulative amount of repayments paid by the account owner under this subsection for all prior taxable years beginning on or after January 1, 2008.

~~(o)~~ (p) Any required repayment under subsection (o) shall be reported by the account owner on the account owner's annual state income tax return for any taxable year in which a nonqualified withdrawal is made.

~~(p)~~ (q) A nonresident account owner who is not required to file an annual income tax return for a taxable year in which a nonqualified withdrawal is made shall make any required repayment on the form required under IC 6-3-4-1(2). If the nonresident account owner does not make the required repayment, the department shall issue a demand notice in accordance with IC 6-8.1-5-1.

~~(q)~~ (r) The executive director of the Indiana education savings authority shall submit or cause to be submitted to the department a copy of all information returns or statements issued to account owners, account beneficiaries, and other taxpayers for each taxable year with respect to:

- (1) nonqualified withdrawals made from accounts of a college choice 529 education savings plan for the taxable year; or
- (2) account closings for the taxable year."

Page 33, delete lines 35 through 42.

Delete pages 34 through 48.

Page 49, delete lines 1 through 11.

Page 49, run in lines 40 through 41.

Page 54, delete lines 35 through 37, begin a new paragraph and insert:

"SECTION 58. IC 8-15.5-1-2, AS AMENDED BY THE



TECHNICAL CORRECTIONS BILL OF THE 2016 GENERAL ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) This article contains full and complete authority for public-private agreements between the authority, a private entity, and, where applicable, a governmental entity. Except as provided in this article, no law, procedure, proceeding, publication, notice, consent, approval, order, or act by the authority or any other officer, department, agency, or instrumentality of the state or any political subdivision is required for the authority to enter into a public-private agreement with a private entity under this article, or for a project that is the subject of a public-private agreement to be constructed, acquired, maintained, repaired, operated, financed, transferred, or conveyed.

(b) Before the authority or the department may issue a request for proposals for or enter into a public-private agreement under this article that would authorize an operator to impose tolls for the operation of motor vehicles on all or part of a toll road project, the general assembly must adopt a statute authorizing the imposition of tolls. However, during the period beginning July 1, 2011, and ending June 30, 2021, and notwithstanding subsection (c), the general assembly is not required to enact a statute authorizing the authority or the department to issue a request for proposals or enter into a public-private agreement to authorize an operator to impose tolls for the operation of motor vehicles on all or part of the following projects:

- (1) A project on which construction begins after June 30, 2011, not including any part of Interstate Highway 69 other than a part described in subdivision (4).
- (2) The addition of toll lanes, including high occupancy toll lanes, to a highway, roadway, or other facility in existence on July 1, 2011, if the number of nontolled lanes on the highway, roadway, or facility as of July 1, 2011, does not decrease due to the addition of the toll lanes.
- (3) The Illiana Expressway, a limited access facility connecting Interstate Highway 65 in northwestern Indiana with an interstate highway in Illinois.
- (4) A project that is located within a metropolitan planning area (as defined by 23 U.S.C. 134) and that connects the state of Indiana with the commonwealth of Kentucky.

(c) Before the authority or an operator may carry out any of the following activities under this article, the general assembly must enact a statute authorizing that activity:

- (1) Imposing tolls on motor vehicles for use of Interstate Highway



69.

(2) Imposing tolls on motor vehicles for use of a nontolled highway, roadway, or other facility in existence or under construction on July 1, 2011, including nontolled interstate highways, U.S. routes, and state routes.

(d) ~~Except as provided in subsection (c)(1);~~ The general assembly is not required to enact a statute authorizing the authority or the department to issue a request for proposals or enter into a public-private agreement for a freeway project.

(e) The authority may enter into a public-private agreement for a facility project if the general assembly, by statute, authorizes the authority to enter into a public-private agreement for the facility project.

(f) As permitted by subsection (e), the general assembly authorizes the authority to enter into public-private agreements for the following facility projects:

(1) A state park inn and related improvements in an existing state park located in a county with a population of more than two hundred thousand (200,000) and less than three hundred thousand (300,000).

(2) Communications systems infrastructure, including:

(A) towers and associated land, improvements, foundations, access roads and rights-of-way, structures, fencing, and equipment necessary, proper, or convenient to enable the towers to function as part of the communications system;

(B) any equipment necessary, proper, or convenient to transmit and receive voice and data communications; and

(C) any other necessary, proper, or convenient elements of the communications system.

(3) Larue D. Carter Memorial Hospital in Indianapolis.

(g) The following apply to a public-private agreement for communications systems infrastructure under subsection (f)(2):

(1) The authority may:

(A) use the procedures set forth in IC 8-15.5-4; or

(B) at the authority's option and in its sole discretion, negotiate an agreement with a single offeror.

The authority must issue a request for information before entering into negotiations with a single offeror. If an agreement is negotiated with a single offeror, IC 8-15.5-4-11 and IC 8-15.5-4-12 are the only sections in IC 8-15.5-4 that apply.

(2) This article, and any other applicable laws with respect to



establishing, charging, and collecting user fees, including IC 8-15.5-7, do not apply, and the operator may establish, charge, and collect user fees as set forth in the public-private agreement.

(3) Notwithstanding IC 8-15.5-5-2(2) providing that all improvements and real property must be owned by the authority in the name of the state or by a governmental entity, or both, the public-private agreement may provide that any improvements on any real property interests may be owned by the authority, a governmental entity, an operator, or a private entity.

(4) The authority shall transfer money received from an operator under a lease **public-private** agreement for ~~communications systems infrastructure under subdivision (f)(2)~~ to the state bicentennial capital account established under IC 4-12-1-14.9.

SECTION 59. IC 8-15.5-4-0.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 0.5. If a public-private agreement for communications systems infrastructure is negotiated with a single offeror under IC 8-15.5-1-2(g)(1)(B), the requirements of this chapter, except sections 11 and 12 of this chapter, do not apply.**

SECTION 60. IC 8-15.5-4-11, AS AMENDED BY P.L.205-2013, SECTION 148, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) After the **applicable** procedures required in this chapter have been completed, the authority shall make a determination as to whether the offeror that submitted the selected offer should be designated as the operator for the project and shall submit the authority's determination to the governor and the budget committee.

(b) After review of the authority's determination by the budget committee, the governor may accept or reject the determination of the authority. If the governor accepts the determination of the authority, the governor shall designate the offeror who submitted the selected offer as the operator for the project. The authority shall publish notice of the designation of the operator for the project one (1) time, in accordance with IC 5-3-1.

(c) After the designation of the operator for the project, the authority may execute the public-private agreement with that operator.

(d) The budget committee shall hold a meeting and conduct a review of the determination not later than ninety (90) days after the date the authority's determination is submitted for review."



Page 58, between lines 37 and 38, begin a new paragraph and insert:
 "SECTION 65. IC 36-7-4-1104 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1104. (a) As used in this section, "state agency" means all agencies, boards, commissions, departments, and institutions, including state educational institutions, of the state.

(b) **ADVISORY—AREA.** This chapter does not restrict or regulate (or authorize any political subdivision, legislative body, plan commission, or board of zoning appeals to restrict or regulate) the exercise of the power of eminent domain by the state, ~~or~~ by any state agency, **or by the Indiana finance authority (IC 4-4-11-4)**, or the use of property owned or occupied by the state, ~~or~~ by any state agency, **or by the Indiana finance authority."**

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 309 as reprinted February 3, 2016.)

BROWN T

Committee Vote: yeas 18, nays 2.

HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 309 be amended to read as follows:

Page 13, delete lines 8 through 32.

Page 38, between lines 36 and 37, begin a new paragraph and insert:

"SECTION 29. IC 8-15-3-23, AS AMENDED BY P.L.47-2006, SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: Sec. 23. (a) The exercise of the powers granted by this chapter to the department or the authority must be in all respects for:

- (1) the benefit of the people of Indiana;
- (2) the increase of the commerce and prosperity of Indiana; and
- (3) the improvement of the health and living conditions of the people of Indiana.

(b) Since the operation and maintenance of a tollway by the department or the authority constitutes the performance of essential governmental functions, neither the department nor the authority is required to pay any taxes or assessments upon a tollway or any property

ES 309—LS 6893/DI 73



acquired or used by the department under this chapter or IC 8-15.7 or upon the income from a tollway.

(c) The operator under a public-private agreement is not required to pay taxes or assessments upon a tollway, any property or property interest acquired by the operator under a public-private agreement, or any possessory interest in the tollway or in property granted or created by the public-private agreement under this chapter or IC 8-15.7.

(d) An operator or any other person purchasing tangible personal property for incorporation into or improvement of a structure or facility constituting or becoming part of the land included in:

(1) a tollway; or

(2) property granted or created by the public-private agreement; is entitled to the exemption from gross retail tax and use tax provided under ~~IC 6-2.5-4-9(b)~~ **IC 6-2.5-4-9(c)** and IC 6-2.5-3-2(c), respectively, with respect to that tangible personal property."

Page 41, between lines 37 and 38, begin a new paragraph and insert:

"SECTION 33. IC 8-15.7-7-2, AS ADDED BY P.L.47-2006, SECTION 40, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: Sec. 2. An operator or any other person purchasing tangible personal property for incorporation into or improvement of a structure or facility constituting or becoming part of the land included in a project is entitled to the exemption from gross retail tax and use tax provided under ~~IC 6-2.5-4-9(b)~~ **IC 6-2.5-4-9(c)** and IC 6-2.5-3-2(c), respectively, with respect to that tangible personal property."

Renumber all SECTIONS consecutively.

(Reference is to ESB 309 as printed February 29, 2016.)

BROWN T

HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 309 be amended to read as follows:

Page 28, between lines 21 and 22, begin a new paragraph and insert:

"SECTION 24. IC 6-3-3-14.6, AS ADDED BY P.L.213-2015, SECTION 83, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 14.6. (a) This section applies only to taxable years beginning after December 31, 2015.

(b) As used in this section, "hospital" means an acute care hospital

ES 309—LS 6893/DI 73



that:

- (1) is licensed under IC 16-21-2;
- (2) is operated on a for-profit basis;
- (3) is subject to the adjusted gross income tax at the rate specified in IC 6-3-2-1(b);
- (4) provides health care, accommodations, facilities, and equipment, in connection with the services of a physician, to individuals who may need medical or surgical services; and
- (5) is not primarily providing care and treatment of patients:
 - (A) with a cardiac condition;
 - (B) with an orthopedic condition; or
 - (C) receiving a surgical procedure.

(c) Each taxable year, a hospital is entitled to a credit against the hospital's adjusted gross income tax liability for the taxable year equal to ten percent (10%) of the property taxes paid in Indiana for the taxable year on property used as a hospital.

(d) The credit provided by this section may not exceed the amount of the taxpayer's adjusted gross income tax liability for the taxable year, reduced by the sum of all credits for the taxable year that are applied before the application of the credit provided by this section. The amount of any unused credit under this section for a taxable year may ~~not~~ be carried forward to a succeeding taxable year. ~~carried back to a preceding taxable year, or refunded."~~

Renumber all SECTIONS consecutively.

(Reference is to ESB 309 as printed February 29, 2016.)

BROWN T

HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 309 be amended to read as follows:

Page 41, between lines 37 and 38, begin a new paragraph and insert:

"SECTION 32. IC 16-46-14-2, AS ADDED BY P.L.125-2015, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 2. (a) The safety PIN (protecting Indiana's newborns) grant fund is established for the ~~purposes~~ **purpose** of distributing money for the reducing infant mortality grant program. The fund shall be administered by the state department.

(b) The fund consists of:

ES 309—LS 6893/DI 73



- (1) money appropriated to the fund by the general assembly;
- (2) money received from state or federal grants or programs; and
- (3) gifts, money, and donations received from any other source, including transfers from other funds or accounts.

(c) The expenses of administering the fund shall be paid from money in the fund.

(d) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from the investments shall be deposited in the fund.

(e) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

SECTION 33. IC 16-46-14-3, AS ADDED BY P.L.125-2015, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 3. (a) A person seeking a grant under this chapter must submit a proposal to the state department.

(b) A proposal for a grant under this chapter must include the following:

- (1) The targeted area.
- (2) Measurable behavioral or secondary outcomes within the target area.
- (3) A proposed specific reduction in the rate of infant mortality among the targeted area that is measurable based on available information to the state department.
- (4) The time frame in which to achieve the reduction described in subdivision (3).

(c) The state department shall determine whether to approve a grant proposal. If the state department approves a proposal, the initial award amount shall not exceed ~~fifty percent (50%)~~ **sixty percent (60%)** of the total grant amount approved for the proposal. The state department shall distribute the remaining amount of the approved grant to the grantee when the state department determines that the reduction in the infant mortality rate among the proposal's targeted area has been achieved within the time frame specified in the grant proposal."

Renumber all SECTIONS consecutively.

(Reference is to ESB 309 as printed February 29, 2016.)

SULLIVAN



HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 309 be amended to read as follows:

Page 41, between lines 37 and 38, begin a new paragraph and insert: "SECTION 32. IC 25-2.1-5-8, AS AMENDED BY P.L.197-2011, SECTION 78, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 8. (a) The board shall adopt rules that require as a condition to renew a permit under this chapter, that an applicant undergo, not more than once every three (3) years, a quality review (before July 1, 2012) or peer review (after June 30, 2012) conducted in a manner the board specifies.

(b) The rules adopted under subsection (a) must:

(1) be adopted reasonably in advance of the time when a quality review (before July 1, 2012) or peer review (after June 30, 2012) first becomes effective;

(2) include reasonable provision for compliance by an applicant showing that the applicant has in the preceding three (3) years undergone a quality review (before July 1, 2012) or peer review (after June 30, 2012) that is a satisfactory equivalent to the quality review (before July 1, 2012) or peer review (after June 30, 2012) required under this section;

(3) require the firm to submit a copy of the results of its most recently accepted peer review to the board either directly or through the administering entity;

~~(3)~~ **(4)** require, with respect to quality reviews (before July 1, 2012) or peer reviews (after June 30, 2012) under subdivision (2), that the quality review (before July 1, 2012) or peer review (after June 30, 2012) be subject to review by an oversight body established or sanctioned by the board that shall:

(A) comply with IC 25-2.1-9-4; and

(B) periodically report to the board on the effectiveness of the review program and provide to the board a listing of firms that have participated in a quality review (before July 1, 2012) or peer review (after June 30, 2012) program; and

~~(4)~~ **(5)** subject to section 9 of this chapter and IC 25-2.1-9-4, require, with respect to quality reviews (before July 1, 2012) or peer reviews (after June 30, 2012) under subdivision (2), that:

(A) the proceedings, records, and work papers of a review committee are privileged and are not subject to discovery, subpoena, or other means of legal process or introduction into evidence in a civil action, arbitration, administrative



proceeding, or Indiana board of accountancy proceeding; and (B) a member of the review committee or individual who was involved in the quality review (before July 1, 2012) or peer review (after June 30, 2012) process is not permitted or required to testify in a civil action, arbitration, administrative proceeding, or board proceeding to matters:

- (i) produced, presented, disclosed or discussed during, or in connection with, the quality review (before July 1, 2012) or peer review (after June 30, 2012) process; or
- (ii) that involve findings, recommendations, evaluations, opinions, or other actions of the committee or a committee member.

(c) Before December 1, 2016, the board shall submit a report to the legislative council, in an electronic format under IC 5-14-6, with any statutory changes recommended by the board. This subsection expires July 1, 2017.

SECTION 33. IC 25-2.1-5-9, AS AMENDED BY P.L.197-2011, SECTION 79, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 9. (a) Notwithstanding section ~~8(b)(4)(B)~~ **8(b)(5)(B)** of this chapter, information, documents, or records that are publicly available are not immune from discovery or use in any civil action, arbitration, administrative proceeding, or board proceeding merely because they were presented or considered in connection with the quality review (before July 1, 2012) or peer review (after June 30, 2012) process.

(b) Any:

- (1) materials prepared in connection with a particular engagement merely because they happen to subsequently be presented or considered as part of the quality review (before July 1, 2012) or peer review (after June 30, 2012) process; or
- (2) dispute between review committees and individuals or firms subject to a quality review (before July 1, 2012) or peer review (after June 30, 2012) arising from the performance of the quality review (before July 1, 2012) or peer review (after June 30, 2012); are not privileged."

Re-number all SECTIONS consecutively.

(Reference is to ESB 309 as printed February 29, 2016.)

BROWN T



HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 309 be amended to read as follows:

Page 27, line 15, after "service;" insert "**or**".

Page 27, line 18, delete "transfer; or" and insert "**transfer.**".

Page 27, delete lines 19 through 22.

(Reference is to ESB 309 as printed February 29, 2016.)

CULVER

